



State of Hawai'i Department of Labor and Industrial Relations



*Improving the Lives of
Hawai'i's Working Families*

ANNUAL REPORT 2012



The Employment Benefit & Rights line of business protects the economic security, physical, economic and social well-being of workers and supports good labor-management relations. This includes developing and disseminating labor market information and assisting job seekers, workers and employers to facilitate workforce development.

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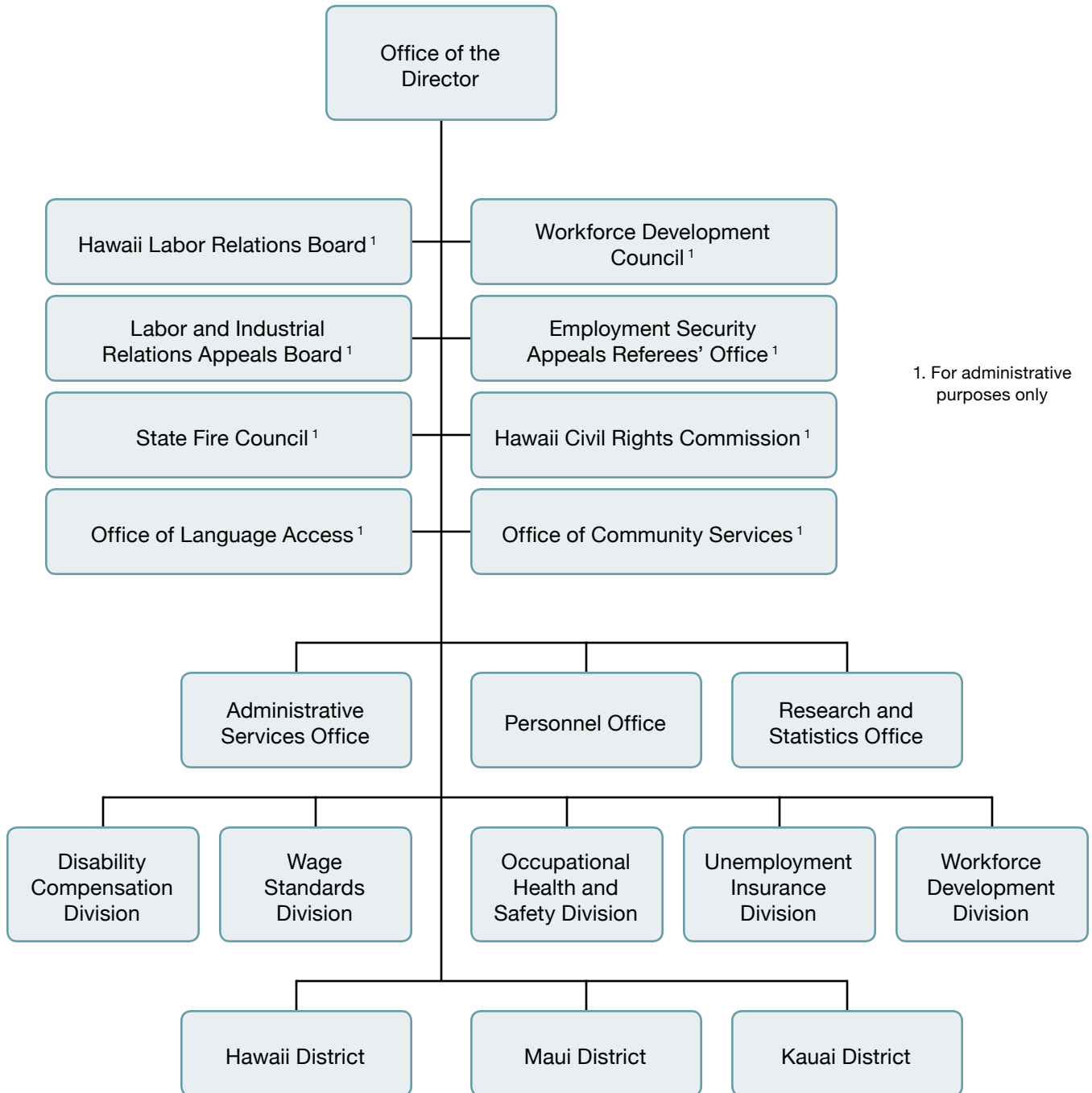
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DLIR Organization Chart



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Aloha,

I would like to take this opportunity to express my appreciation to all of the dedicated staff of the Department of Labor and Industrial Relations. It is only through their collective efforts that this Department has been able to carry out its mission, despite limitations in resources necessary to accomplish this goal.

I would also extend my appreciation to the general public, for without their support and engagement, we could not achieve what is reflected in this annual report. This *partnership* is especially important in light of the *uncertainty* that faces not only this department but our entire country, as Congress and the President deal with the fiscal plan for our national future.

The importance of this challenge is underscored by the fact that about 87% of the Department of Labor's total annual budget is funded with dollars from the federal government. I believe that whatever the outcome of these deliberations, our committed and hard-working employees will continue to provide the highest quality of services to our community—that is possible.

It is at this particular point in time that we all need to work together. I believe that the Department of Labor, the community we serve, and our elected leaders both at the State and Federal levels will focus our collective energy and effort (as we have in the past) to ensure that all of Hawaii's workers and their families receive the rights and protections they are entitled to, in the most meaningful manner.

Dwight Takamine
Director

Workforce Development Division

Overview

The Workforce Development Division (WDD) plans, directs, coordinates and implements a statewide, customer-driven workforce development system that delivers employment and training services to job applicants, workers and industries. Services include a referral and placement service that links qualified job seekers with employers at no cost to the public.

These activities are delivered in partnership with the Workforce Development Council, Counties, business associations, labor organizations, community-based organizations, and other agencies to jointly identify emerging employment trends, coordinate services, and apply for federal, state and other funds to carry out employment and training program activities and services such as National Emergency Grants.

The Division is also involved in strategically planning for economic dislocations of workers in declining industries, working closely with employers, labor organizations, and local workforce investment boards to make appropriate services available to dislocated workers using rapid response teams and securing additional funds to assist workers laid off from business closings or large-scale layoffs.

Key Accomplishments

Client Services

One-Stop Career Centers

Through the One-Stop Centers system, employment and training providers who are linked electronically and/or co-located at one site provide an integrated array of labor exchange and Workforce Investment Act (WIA) services to business and job seeking customers.

Over 69,000 jobseekers received services, and employers posted over 25,000 job openings during the 12-month period ending June 30, 2012.

HireNet Hawai'i is the electronic job board and database that connected employers and jobseekers and all One-Stop Centers throughout the islands. Over 69,000 individuals who received services from Hawai'i's One-Stop Centers during the period from July 1, 2011 to June 30, 2012 were registered in HireNet Hawai'i. It is accessible to jobseekers and employers at no cost. Those with internet access and a computer can self-register and benefit from online services. Those who need staff assistance can contact their nearest One-Stop Center.

Resource Rooms in all One-Stop Centers are equipped with computers that allow access to the Internet, job information, resume writing, word processing, spreadsheet software and links to important Internet

Web sites on career and labor market information. Resource Rooms also provide information on job training, labor market information, and job search workshops.

Workforce Investment Act (WIA) Job Training Services

Through the WIA, the division provided remedial education, job training, and employment to eligible adults, youth, and dislocated workers. About 1,800 people in target populations were served during the period July 1, 2011 to June 30, 2012. These groups included low-income adults, economically disadvantaged youth between ages of 14-21, and former workers who were laid off or terminated and unlikely to return to their occupation. By developing the skills of this labor pool, WIA helped to meet current and future labor market demands.

Employment and Training Fund (ETF)

The ETF Program consists of “macro” grants that are awarded to businesses to develop or expand customized training for their employees; and “micro” grants that subsidize training from pre-approved training vendors for employees of different businesses. Both types of grants are intended to enhance business growth and improve the long-term employability of Hawai‘i’s people. During this past fiscal year, a “macro” grant on farm food safety certification training was completed. A total of forty-five (45) farmers participated in the project. This past FY was the first full FY after a moratorium on “micro” grants was imposed from July 1, 2009 to December 31, 2010 because of insufficient ETF revenue. During FY 2012, ETF “micro” grants served 231 businesses and registered participants in 1,152 courses. The most popular courses were business/managerial as shown in the chart below.

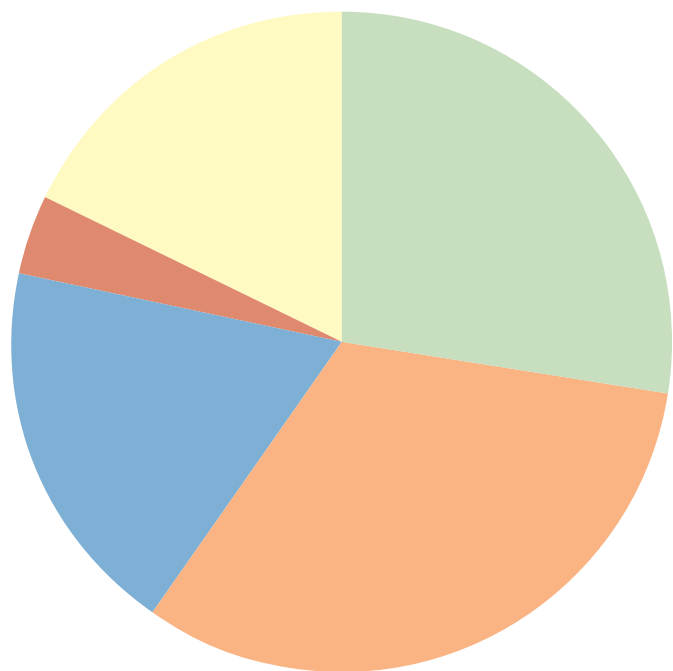
Volunteer Internship Program

The Volunteer Internship Program (VIP) is a voluntary program that allows jobseekers, especially those receiving unemployment insurance (UI) benefits, to gain workforce training through an unpaid internship with interested employers. Upon successful completion of training, interns receive a certificate of job skills required and consideration for employment. VIP is limited to 16-32 hours per week for a period of 4-8 weeks. For FY 2012, 229 individuals completed VIP assessment, 114 individuals were placed in internships, and a total of 43 VIP participants found employment at their internship site or elsewhere.

National Emergency Grant/On-The-Job Training Program (NEG-OJT)

The NEG OJT grant, which operated from June 30, 2010 to September 30, 2012, provided \$601,873 in federal funds to reimburse participating employers for the extraordinary costs of training dislocated workers affected by the recession and who needed assistance in reentering the labor market. A total of forty-two (42) participants were placed in the OJTs, in occupations from medical

FY 2012 ETF Courses by Type



Business/Managerial	317	27%
Computer Related	374	32%
Travel Industry	214	19%
Test & Certification	43	4%
Other	204	18%
Total	1,152	

technicians to computer specialists. A coordinated effort with the VIP program was successful in transitioning VIP participants to paid employment under the NEG-OJT. Close to ninety percent of them found permanent employment, either remaining with the same employer, or finding similar jobs elsewhere.

Services to Military Veterans

Over 5,800 military veterans, including over 1,235 disabled veterans, received job counseling, job search assistance, and job referrals to maximize the veterans' employment opportunities. WDD staff that specialized in services to military veterans provided services. In-depth vocational counseling services were provided to veterans injured during their deployment in coordination with the Spark M. Matsunaga VA Medical and Regional Office.

Partnership with Department of Human Services

A partnership with the State Department of Human Services enabled the WDD to provide services to welfare recipients in the FIRST-TO-WORK program in all counties and Supplemental Nutrition Assistance Program (SNAP) program recipients on Hawai'i and Kaua'i. The FIRST-TO-WORK program served about 1,100 individuals of whom 250 were placed in jobs. The SNAP program served 629 individuals with 129 participants being placed in jobs.

Military Spouse Career Advancement Account Demonstration Project

This project provided 711 spouses with training in Financial Services, Information Technology, Health Care, Education, Construction Trades, Human Resources, Hospitality, Homeland Security, Business Administration and Social Work. The goal was to provide military spouses with portable skills that would enable them to seek jobs wherever they were stationed.

The pilot project was successful in providing spouses with the requisite skills; however, they often relocated before taking certification exams. When the project ended on September 30, 2011, 251 spouses had received credentials after completing training.

Apprenticeship Program

Apprenticeship is long-term job training lasting from one to five years. In most cases, private industry assumes the cost through full time on-the-job training combined with classroom/shop instruction at a community college. This method of training has resulted in a constant flow of highly skilled workers for Hawai'i's industries. In fiscal year 2011-12, more than 6,000 registered apprentices were active in Hawai'i.

Senior Community Service Employment Program (SCSEP)

The SCSEP assists unemployed, low-income persons, age 55 and older, with poor employment prospects to engage in part-time community service training activities to help them develop skills and experiences for transition into unsubsidized jobs. 358 seniors were served in the program during the year.

Outreach Initiatives

Job Fairs were excellent opportunities for job seekers and employers to address mutual workforce needs. The WDD worked with its partners, businesses, and other service agencies to sponsor job fairs and/or employer forums in various counties. On O'ahu, three job fairs featuring "green jobs" drew over 10,000 job seekers and 500 employers. On Maui, eight of the larger job fairs drew over 2,000 job seekers and 200 employers. WDD also participated in and/or sponsored job fairs on the Big Island and Kaua'i.

Separating Veterans

Over 1,900 transitioning service members and recently separated veterans received staff and self-assisted employment services. Partnering with the U.S. DOL VETS Transition Assistance Program, WDD performed outreach at O'ahu military bases for approximately 5,400 transitioning service members. WDD also collaborated with the Hawai'i National Guard Yellow Ribbon Reintegration Program, providing outreach employment services to returning, deployed Guardsmen. To help veterans succeed in today's job market, WDD implemented the Gold Card Program, a new U.S. DOL initiative that provides intensive and follow up services to help unemployed, post 9/11 era veterans get back to work. During the first eight months of the initiative (November 7, 2011–June 30, 2012) 1,465 post 9/11 veterans were enrolled in HireNet Hawai'i, of which 715 received staff-assisted or intensive services.

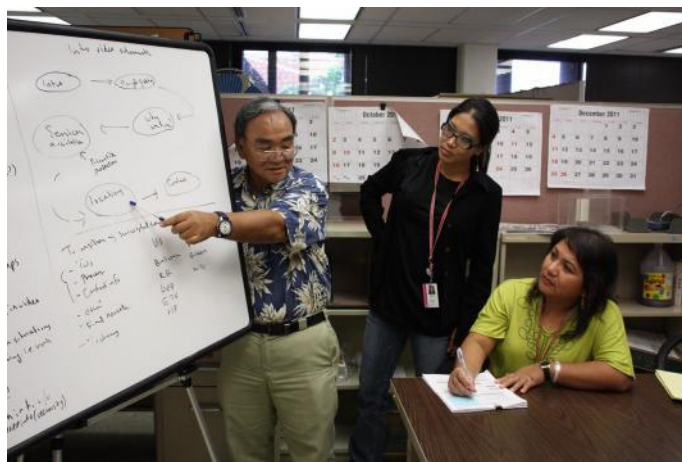


Job fair

WDD also assisted in implementing a joint U.S. Department of Labor and Department of Veterans Affairs initiative, Veterans Retraining Assistance Program (VRAP), effective July 1, 2012, by conducting outreach to over 1,500 veterans, providing VRAP enrollment information and assistance.

Marketing to Businesses

To expand the numbers of businesses benefiting from WDD services, a marketing plan was developed by input from staff to rebuild relationships with employers and develop more personalized and appropriate services to employers and industries. By engaging more employers on a one-on-one basis, WDD would be able to gain first-hand knowledge of industry concerns, hiring needs, and potential layoffs. The plan began implementation late in the FY to develop relationships that will result in more effective and efficient services.



WDD staff develop an employer marketing plan

Capacity Building

In May 2012, U.S. Department of Labor announced the availability of Technical Assistance Training (TAT) funds to assist One-Stop Center partners who provide Rapid Response services to dislocated workers and employers facing layoffs. Hawai'i submitted four training proposals and training sessions were held in August, November and December 2012. Topics included the "new" Rapid Response activities, effectively building employer relationships, business services and lay-off aversion services.

Rapid Response

Rapid Response services continued to be provided on-site, in coordination with employers and participating unions, to workers who were scheduled to be terminated due to business closings or large-scale layoffs. Information on Unemployment Insurance, HireNet Hawai'i, vocational training, health insurance, and other resources were provided to attendees. Examples included Hawai'i Medical Centers, Hawaiian Telcom and Big Save, Inc.

Reemployment Eligibility Assessment (REA)

Since September 2008, the REA program has been providing reemployment services to selected Unemployment Insurance (UI) claimants. Last year, over 6,690 participants were provided an array of services such as orientation, labor market information, skills assessment and job referral. During FY 2010, the REA program saved over \$1.3 million in the UI Trust Fund. The REA Team, consisting of staff from the WDD and UI Divisions, received the 2012 Governor's State Team of the Year Award for these results.



Team of the Year

Emergency Unemployment Compensation–Reemployment Eligibility Assessment (EUC-REA)

The EUC-REA program is a new mandatory program for EUC claimants. It provides reemployment services and assessments to individuals who received Emergency Unemployment Insurance benefits under the Middle Class Tax Relief and Job Creation Act of 2012. The program period is from April through December 2012. For the period April through June 2012, a total of 1,237 claimants received EUC-REA services.

Challenges

This overview of WDD programs represents a wide variety of programs available to Hawai'i's job seekers and employers.

State Funded Programs

While the Division is proud of the effort and level of service quality it provides, continuing cuts in State General Funds have eroded the extent of services provided in the State Apprenticeship Program and severely hampered WDD's ability to carry out new enforcement responsibilities for plant closing notices under Chapter 394B. Four-month delays will continue to be the standard practice for registering and completing apprentices who are being processed through a manual system, which also delays certification and hiring of apprentices for public works jobs.

WIA

Budget cuts in Federal funds for the Workforce Investment Act (WIA) programs and the severe restriction on administrative funds for mandated State-level activities challenged WDD to fulfill its responsibilities. The maximum amount of funds allowed for state-level administrative activities was cut from 15% to 5%, a reduction of 67%. Fortunately, this past year's budget included "carry-over" funds from the previous year, but these funds are expected to be depleted by June 30, 2012.

Drastic steps have begun to be taken, such as the WDD Administrator temporarily assuming the additional role of Acting Interim Executive Director of the Workforce Development Council. Discussions also will continue with the four Local Area Workforce Investment Boards (LWIBs) regarding possible consolidation of WIBs and the Workforce Development Council. Because of the relative autonomy provided by WIA to the counties, the consolidation of WIBs is unpopular among counties; yet, USDOL requires consensus before a one-WIB structure can be installed. Thus, it is anticipated that the projected shortfall will become a reality, subjecting the State to an increased likelihood of disallowed costs because of reduced oversight and accountability. Disallowed costs cannot be repaid from federal funds; therefore, State General Revenue would be needed to cover disallowed costs. Poor performance and inadequate oversight dampen opportunities for securing future federal grants, which have become highly competitive due to budget cuts for on-going programs throughout the nation.

Veterans

With the cessation of the war in Iraq and the drawdown of forces in Afghanistan by 2014, the federal government anticipates over one million service members will leave military service between 2011 and 2016. With renewed focus by Congress to cut federal spending, U.S. DOL-funded veterans programs will likely receive its share of reduced job training funds. A cut in funds will impose a significant burden and challenge to WDD and Hawaii's One-Stop system to sustain its superior services to veterans and assist them in successfully transitioning to civilian life.

Conclusion

The growing gap in funding crucial program and administrative services will inevitably result in hampering WDD's ability to both comply with mandated requirements and meet the growing needs of apprentices, jobseekers, and employers.

Workforce Development Council

Background

The Hawai'i Workforce Development Council ("WDC") is comprised of 31 private and public sector members appointed by the Governor. The members provide direction to the State's workforce development efforts, and support the best use of resources for those purposes.

Specifically, the WDC is tasked to 1) lead and coordinate the continuing development of a skilled and competitive State workforce; 2) to improve and enhance program effectiveness and efficiency and reduce and eliminate program overlaps and duplications; 3) to recommend and act on policies in workforce development; and to 4) assist in building State and local businesses and employment opportunities for all of Hawai'i's people.

The WDC is also the Statewide Workforce Investment Board for purposes of the federal Workforce Investment Act of 1998 and the Wagner-Peyser Act. The WDC develops that state plan on the use of the funds, develops performance goals, and oversees the implementation of the programs.

The WIA funds are administered by the four counties and the DLIR's Workforce Development Division ("WDD") which acts as the administrative/fiscal oversight entity for the funds. Each county has a local board similar to the WDC to oversee the allocation of training funds to their respective counties. These Local Workforce Investment Boards are also private-sector driven and provides WIA funds for operation of One-Stop Centers on six islands.

Finally, the WDC also applies for and acts as a conduit for federal monies targeted for specific workforce development programs. Through various departments in the federal government, including the U.S. Department of Labor (USDOL) and the Department of Health and Human Services, the WDC has sought and been awarded a number of federally funded grant opportunities.

Highlights

Workforce Investment Act (WIA)

For Program Year 2011, the State exceeded fifteen (15) and met two (2) of the seventeen (17) negotiated performance levels for the three job training funds the state receives under WIA. With the \$7.2 million received by the State, about 1,800 individuals were provided employment related services.

State Energy Sector Partnership Grant (SESP)

In 2012, the WDC effectuated year three of a 3-year, \$6 million job training grant from USDOL to expand "green" training opportunities for residents throughout the state. The SESP program focused on developing appropriate training for vulnerable populations. Two highlighted training programs were:

- A Vet-to-Farmer program in partnership with the State Department of Hawaiian Homelands beginning in July 2012 and to be completed in December 2012.
- The Waiawa Solar Energy Training Program, where pre-release offenders were trained in general construction, solar PV and thermal installation through a partnership with Hawaii's Department of Public Safety, the Solar Training Institute, and WorkNet.

The SESP program also participated in a number of outreach programs, such as the SESP Job Fair in September 2012, for SESP participants, and a series of "Sustainability Workshops for Hawaii Business Leaders" held in each of Hawaii's four counties. These workshops were attended by employers and business leaders to incorporate sustainability principles and practices into their organizations.

Expenditures and participants served continued to increase this past year. The number of participants who Entered Employment remained an issue due to the economy's slow recovery; however, as anticipated, Participant Retention is improving. With the approval of a no-cost extension through June 30, 2012, the Hawaii SESP program hopes to increase participant placement and retention so that performance outcomes reach proposed goals.

Agricultural Industry Skill Panels

Industry skill panels are private/public partnerships working to ensure employees in key industries have the skills necessary to meet the changing needs of business quickly and competently. Skill Panel leaders build consensus, prioritize their local and regional industry workforce needs and are better able to mobilize partners and leverage resources to make the greatest impact. Designed not to be short term in nature, the panels continue to meet and address issues to meet labor needs far after the initial and follow-up forums are held. Past skill panels have focused on the Software and Healthcare Industries. This year, WDC focused on the Agriculture Industry.

In partnership with the State Department of Agriculture (DOA), the WDC began planning a series of Skill Panel forums in late 2011 with a focus on strengthening Hawaii's agriculture industry. With local agricultural development a prime focus of the current state administration, the WDC took the lead in helping bring together educational, labor, and government stakeholders to discuss how to develop Hawaii's agriculture workforce.



A breakout session at the Agriculture Industry Skill Panel in Hilo

In total, five sessions were held throughout the state from December 2011 to June 2012: Honolulu in December, Hilo in January, Kona in March, Lihue in May, and Kahului in June. Approximately 520 individuals attended at least one of the meetings, with each meeting having 100–170 people present. Each forum had break-out subcommittees, with planners on each island tailoring the topics of those break-outs to issues specific to that community's agriculture industry.

One large concern by Skill Panel attendees was that similar meetings had been held in the past without much effect, due to divisions within the industry and a lack of government support. Despite this, the general tone of the meetings was one of collaboration and innovation. The coordinated effort has resulted in the development of several working groups to carry on the priorities and actions determined in each breakout session. Some of those developments included:

- Informal talk-story sessions on the Big Island, where interest in an “agricultural renaissance” was a high priority for many residents who ardently support sustainable practices in farming;
- Molokai-focused farmer workshop, partially funded by the State Energy Sector Partnership grant, will culminate in spring 2013, based on training needs that were first discussed at the Maui Agriculture Skills Panel session. A similar workshop is currently being planned by UH Maui College to take place in December 2012; and
- With a focus on agriculture in his “New Day” plan, Hawaii Governor Neil Abercrombie has moved ahead with ideas presented at the forums and will propose legislation in 2013. It is the focus of the State of Hawaii to develop agriculture as a way to help reduce the state’s dependency on imported goods and make Hawaii more food-sustainable.

HRSA Healthcare Workforce Planning Grant

Activities under the Healthcare Planning grant wound down during FY 2012 of Hawaii’s Healthcare Workforce 20/20 Plan & Report (found online at http://hawaii.gov/labor/wdc/HealthcareReport_final_web.pdf). The report was published and staff worked on the final deliverables of the grant, including a website and videos targeted for prospective healthcare-industry workers. In one such video viewable on the front page of the site at www.hawaiihealthcareers.org, Dr. Josh Green, an Emergency Room physician and State Senator, shares how his interest began in healthcare, how he got through medical school, what a typical work day is like for him, and how working on the neighbor islands is different from working on Oahu. The site includes sortable lists of healthcare occupations in Hawaii; the job duties, licensing requirements, local wage estimates, and local employment projections for each occupation; and the educational, internship, and other training options available in Hawaii to prepare individuals for those occupations. Recommendations for the site were gathered throughout the grant as well as at a healthcare pipeline planning meeting organized by the local AHEC in July 2012.



Screenshot of the homepage at HawaiiHealthCareers.com

USDOL Disability Employment Initiative (DEI)

In October 2011, Hawaii's DLIR was one of seven states awarded a Disability Employment Initiative ("DEI") grant. Hawaii's award was for \$2.9 million over three years to enhance job center services to improve training opportunities and employment outcomes for individuals with disabilities.

A lottery performed by the National DEI Evaluators randomly selected Hawaii and Maui as the two counties to receive DEI services, with the other two counties serving as the control group. A kick-off meeting at the Assistive Technology Resource Center was held in Iwilei on May 2, 2012, with local job center Manager, and DEI staff for Maui and Hawaii counties.

A DEI Steering Committee was organized and meets regularly to plan and oversee the programs in the focus counties. DEI is also working to award a bid to a vendor to provide assistive-technology devices and staff training to improve physical, programmatic, and communication access for participants. DEI staff are working with the University of Hawaii Center on Disability Studies (UHCDs) to offer pilot career exploration and asset development workshops with benefits planning to customers with disabilities as well as to implement a USDOL promising practice known as Integrated Resource Teams. Local Workforce Solutions groups bringing together service providers and other partner agencies are being developed or sustained to coordinate efforts.

Local Business Leadership Networks are being formed to provide resources to businesses to encourage and celebrate the hiring of people with disabilities. Workshops are being offered to employers to help reduce their fear of hiring workers with disabilities. Topics include the ADAA and reasonable accommodations, accessible websites and hiring processes, and accessible interviewing techniques.

Workforce Data Quality Initiative Grant (WDQI)

On July 1, 2012, The Workforce Development Council was awarded a \$999,200 federal grant to institute a Workforce Data Quality Initiative at the DLIR. Hawai'i's Workforce Longitudinal Data System, which will be housed at DLIR, will be built to provide greater information about our workforce and its education and training. The system, nicknamed "WorLDS," will be a new tie-in between work and education, giving the state the ability to track the supply and demand for skilled workers, to determine where new graduates, new workers, and incumbent workers are headed within Hawai'i's labor market. The system will also show, in a timely fashion, how certifications and degrees can reward Hawai'i workers with higher pay.

The WDC will be working with the DLIR's Research & Statistics and Unemployment Insurance offices to launch WorLDS. In later phases of the project, the information will be matched with the current statewide longitudinal data system, housed at the University of Hawaii, to create a full vision of how residents today are served by the state's training and educational system in developing a highly educated, highly paid workforce.

The development of WorLDS through the WDQI grant continues to add to the overall development of the statewide workforce longitudinal data system, which is being jointly developed by the University of Hawaii HIPass office at P-20, the State Department of Education, and the Department of Labor and Industrial Relations.

Challenges

A major federal budget cut in PY2011 resulted in a drastic decrease in administrative costs to administer WIA funding (down to 5% from 15% the previous year). This cut in federal funding will adversely affect

DLIR's (WDC and WDD's) ability to fulfill its mandated responsibilities to properly administer federal funds received. These affects have already been felt at the WDC level, with the Executive Director resigning to reduce costs and help sustain minimum levels of administration.

The limited federal funding received by the State cannot support the majority of Hawaii's residents who are in need of services. With the majority of funding targeted to unemployed, high risk, or high-needs populations, services to Hawaii's large under-employed population (i.e. those working one part-time job) cannot be addressed. Furthermore, current budgetary restraints do not allow WDC to continue pursuing competitive grants due to limited non-federal resources to research and write grant proposals. In the previous three years, WDC brought in an additional \$11.3 million to the State through discretionary grants; however, grant seeking efforts have since been suspended due to the significant decrease in State general revenue.

Hawai'i Occupational Safety and Health Division

Program Overview

The Hawai'i Occupational Safety and Health Division (HIOSH) administers two laws:

- Chapter 396, Hawai'i Revised Statutes (HRS), The Hawai'i Occupational Safety and Health Law, the purpose of which is to assure every working person in the State safe and healthful working conditions; and
- Chapter 397, HRS, The Hawai'i Boiler and Elevator Safety Law, the purpose of which is to assure the safe operation and use of boilers, pressure systems, amusement rides, and elevators and kindred equipment.

Occupational Safety and Health (OSH) Program (Chapter 396, HRS) staff conducts the following activities, with the goal of encouraging voluntary compliance to the law and administrative rules:

- 1. Compliance Inspections and investigations.** HIOSH staff conducts programmed inspections of high hazard workplaces, as well as investigations in response to accidents, complaints of safety and health hazards in the workplace or discrimination, and referrals.
- 2. Consultations and onsite training.** HIOSH consultants perform workplace audits and evaluations and make recommendations to improve the site's safety and health management system in response to requests from employers. This service is free and confidential.
- 3. Certifications are issued to qualified individuals:**
 - a. Explosives and Pyrotechnics**—certificates of fitness are issued to persons qualified to handle explosives, fireworks, and/or special effects for movie and theatrical productions.
 - b. Certified Safety and Health Professionals**—certificates are issued to persons who perform third party workplace safety audits to qualify businesses for a reduction in workers' compensation premiums and limited enforcement inspections.
 - c. Hoisting machine operators**—certificates are issued to operators of cranes and other hoisting equipment, with requirements for continued training and testing.
- 4. Promulgation of OSHA standards.** HIOSH is required to adopt "as effective as" administrative rules within 6 months of OSHA's adoption. Such safety and health standards provide guidance and rules as to what employers must do to ensure safe and healthful workplaces for their employees.

The OSH side of HIOSH receives 50% federal funding for the compliance program and 90% federal funding for the on-site consultation program. The U.S. Occupational Safety and Health Administration (OSHA) provides oversight of the program, requiring benchmark staffing levels as well as performance and timeliness criteria for mandated activities. OSHA does not permit federal funds to be used for the certification programs which are 100% state funded or 100% special funded (as in the case of the hoisting machine operators certification).

Boiler and Elevator (BE) Inspection Branch staff (Chapter 397, HRS) staff conducts the following activities with the goal of public safety through voluntary compliance with the law and administrative rules:

1. Inspections of equipment at specific intervals to assure its safe operation and use. Equipment determined to be satisfactory are issued permits to operate.
2. Investigations of accidents and some complaints.
3. Review of installation and alteration plans to ensure that the equipment is being constructed/ installed/ altered in accordance with safety codes. A permit to install/ alter is issued to initiate the construction work.
4. Certifications are issued to special boiler inspectors to enable them to perform third party inspections of boilers and pressure systems.
5. Reviews and audits of companies authorized by the National Board of Boiler and Pressure Vessel Inspectors to enable Hawai'i companies to perform necessary repairs and alterations to critical equipment in the state.

The Boiler/Elevator side of HIOSH is currently funded by a special fund generated by fees from inspections of pressure vessels and lifting equipment. In addition, there was a loan of 1 million dollars from the general fund to help the branch meet its expenses in the first year after the legislation (Act 103, 2012 SLH) was passed.

Restoring Capacity

HIOSH OSH:

Since 2003, HIOSH OSH staff lost over two thirds of its employees, culminating in the 2009 state reduction-in-force where 12 positions were eliminated. Although the 2010 legislature restored all 12 positions, the hiring freeze imposed by the administration left only 19.5 authorized positions as of July 1, 2010, of which only 16.5 positions were filled.

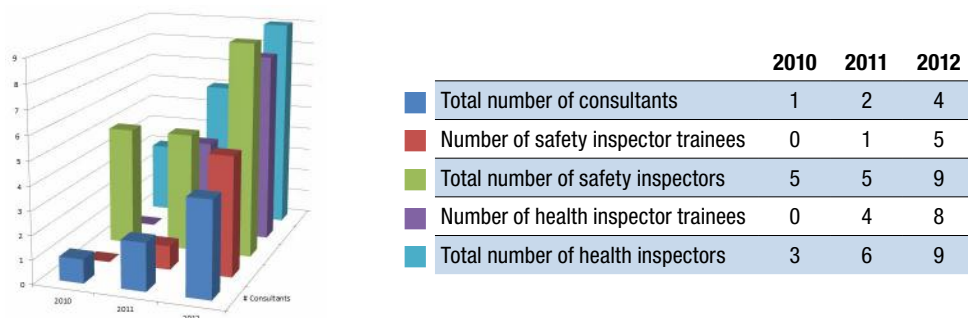
In September 2010, OSHA heavily criticized the Hawai'i program as not meeting OSHA requirements and indicated that they would de-certify the program if Hawai'i did not take immediate action to restore staff and fix major financial, enforcement, consultation, and reporting shortcomings. At stake were over \$2 million in federal funds and an additional \$800,000 in program revenue.

In return for help with training and conducting inspections, HIOSH gave up its 18(e) status and was reclassified by OSHA as an 18(b) state. An operational status agreement was signed on September 21, 2012. The plan is for HIOSH to gradually reassume enforcement over the majority of the private sector in the state over the next three years. HIOSH continues to exercise jurisdiction over the public sector

and over construction outside of secured military bases and marine construction. For more information about the OSA, please visit <http://dlir.state.hi.us/labor/osa/>.

Throughout FY 2012, there have been continual attempts to fill the vacancies. All of the 22 (9 safety inspectors, 9 health inspectors, 4 consultants) positions required by a federal lawsuit pertinent to Hawaii (AFL-CIO vs. Marshall, 1978) have been filled.

Number and composition of OSH staff



The challenge is to develop all the entry level new hires into safety and health professionals.

The Branch Manager positions for the Safety Branch and for the Consultation and Training Branch are still vacant despite several rounds of interviews. No qualified candidates were found. The program analyst position for the ATS Branch is vacant. Moreover, as the enforcement branches increase the number of inspections and the Consultation and Training Branch increases the number of visits at least two to three more clerical positions will become necessary to process and track a volume of paperwork that will grow by 270%.

OSH Highlights

- April, 2012: Governor's biennial Pac Rim Conference with over 500 attendees

HIOSH BE

Between 2003 and 2011, the B&E Branch lost a third of its positions. Act 103 of the Regular Session of 2012 created the B/E special fund and restored the lost positions to the Branch. Although the new boiler and elevator law became effective on July 1, 2012, the DLIR began taking significant steps to confront the challenges experienced by the Branch in 2011. During 2011, DLIR launched two, interrelated efforts by bringing stakeholders together for an ongoing series of discussions aimed at solving the long-term problem with the Branch, which resulted in Act 103, and addressing a critical component—outdated codes for both elevators and kindred equipment and boilers and pressure vessels.

A group of stakeholders including elevator mechanics, elevator construction companies, the International Union of Elevator Constructors Hawai'i Local 126 and department staff formed a committee and several subcommittees to revise the elevator code and consult with other affected stakeholders. This process was crucial because the code for elevators and kindred equipment had not been updated since

2000 and is based on the 1996 code. As a result, the code is archaic and does not address the improvements in technology made since that time.

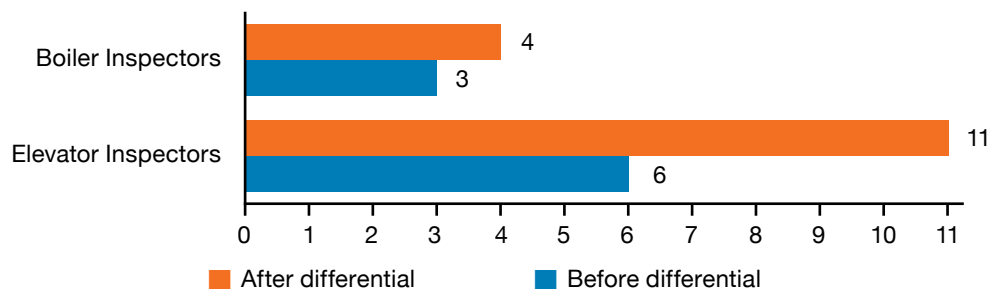
In addition, the national certifying body has upgraded the code four times since 1996, most recently in 2010. Owners and contractors are thus left with little guidance or confusing guidance on what is and is not permissible. The lack of clear and updated regulations is costing Hawai'i's businesses, building owners and the workforce because of construction delays and change orders. DLIR is in the final stages of preparing to consult with the Small Business Regulatory Review Board as part of the rules process and intends to adopt the 2010 code in 2013. Upon adoption, DLIR is planning outreach sessions throughout the state to educate owners and contractors on the updated codes.

In November 2012, DLIR completed the administrative rules process and adopted updates to the boiler code. This update in the boiler code, the first since 1999, incorporates the ASME 2010 codes for pressure vessels and the ASME 2006 regulations for control devices.

Another problematic issue that arose in the discussions with stakeholders involved the desirability of integrating a new information technology system into the operations of the Elevator Section for staff, permit and license holders, and the public to make operations more efficient and transparent. Since June 2010, the current software program for processing permits and inspection reports has not been supported by the vendor and several major features are non-operational.

An application form to process online requests and prepayment for new installations and alterations of elevators, lifts and dumbwaiters is under development and DLIR is planning the roll out for public use in early 2013. Moreover, DLIR is in the process of searching for a provider that can design a system that will integrate and automate the elevator inspection and permitting process.

Number of B&E Inspectors before and after RAM and salary differential added



Act 103 also provided for ten additional positions including a branch manager, up to the equivalent of six full-time elevator inspectors, one boiler inspector and two office assistants. Act 103 increased the total number of inspectors in the Branch from eleven to eighteen (four boiler, fourteen elevator), including two supervisors. Currently, eight of the ten new positions are occupied and it is anticipated that all of the positions will be filled by January 2013 as DLIR was in the final stages of recruiting two elevator inspectors at the time of this report. DLIR has encountered recruiting difficulties in permanently filling the Branch Manager and Elevator Supervisor positions, both of which are filled on a temporary basis. The challenge for the Branch will be to train all the new hires and to find managers who have the technical and managerial experience to run the Branch effectively.

The increased capacity provided for by Act 103 has already allowed the Branch to accomplish operational improvements and efficiencies. The temporary elevator supervisor has improved communications and been able to serve as an effective liaison with the owners and contractors to reduce their questions pertaining to scheduling and the code. He also has achieved efficiencies in the scheduling of inspections and dispatching in response to time sensitive situations.

The increase in clerical staff has significantly reduced the paperwork-processing backlog, enabled the Branch to process fees more quickly, and relieved some of the clerical burden heretofore shouldered by the inspectors, which allows the inspectors to conduct more inspections. The temporary Branch Manager has been able to update and improve management reports, which has enabled the Branch to focus in on the backlogged areas and develop more sophisticated and efficient scheduling, projections and other management tools.

The Boiler Section has begun to reduce the backlog of inspections for boilers and pressure vessels with the addition of the one boiler inspector. The Elevator Section has deployed the new elevator inspectors to work on the annual operating permit backlog and from July 1, 2012 through December 2012 960 annual inspections were conducted.

Challenges for 2013 and Beyond

HIOSH OSH

1. Filling Positions and Retention:

Despite aggressive recruiting following the freezes and budget constraints, several critical positions require filling. The department is using all available recruiting tools and incentives at its disposal, including ability to hire above the entry-level compensation (RAM), shortage declaration, and job announcements via professional organizations, colleges and universities and veterans groups. The major reason for the unfilled positions is pay. The biggest discrepancies are in the supervisory positions. Hawai'i salaries for inspectors are 25% below federal base pay and also in the bottom third of all states that administer occupational safety and health programs. The majority of the other states with low salary ranges also have a much lower cost of living.

Moreover, once the applicant is hired, 3 of 5 employees have traditionally not remained with the program beyond three years – moving on to better paying jobs in the private and federal sectors. This is an expenditure of nearly \$600,000 in training and supervision costs over a three-year period, or \$200,000 a year that might be better utilized in offering retention bonuses or other compensation incentives to retain qualified employees.

2. Purchasing and Accounting:

HIOSH OSH has no position capable of making complex purchases (HEPS, Sole Source, contracts) and maintaining the timely accounting necessary to satisfy OSHA's requirements for pre-approvals for deviations between cost categories. Certification training is directed at the decision making level and HIOSH has no professional position to perform that function.

3. Training:

Most inspector and consultant positions require highly specialized training, only offered by OSHA at their training facility in Arlington Heights, Illinois. Travel costs for one week of classroom and hands on training are high. Using other training providers is cost prohibitive with most courses costing upwards of \$1,500 per student plus travel costs. In addition, these alternative courses must be deemed equivalent to those offered at the OSHA training institute.

In 2012, the former Administrator gave generously of her time and voluntarily taught two of the required courses. This was an isolated occurrence. In the future HIOSH cannot count on charity and may not have sufficient funds to pay for employee training. While this may affect performance quality and result in adverse OSHA evaluation reports, the most significant impact would be diminished protection for workers if hazards are not recognized and/or contested cases are lost because of inadequate staff training.

HIOSH BE

1. Training and Certification:

Boiler and elevator training is also highly specialized and is not given locally. The national certification tests which elevator and boiler inspectors are required to pass are seldom or never offered locally making it necessary to inspectors to travel to the mainland for training and certification.

2. Adopting Updated Codes:

The code for elevators and kindred equipment has not been updated since 2000 - the current code is based on the 1996 code. As a result, the code is archaic and does not address the improvements in technology made since that time. In addition, the national certifying body has upgraded the code four times since 1996, most recently in 2010. Owners and contractors are thus left with little guidance or confusing guidance on what is and is not permissible. The lack of clear and updated regulations is costing Hawai'i's businesses and the workforce because of construction delays and change orders. HIOSH plans to adopt the 2010 code in the spring of 2013. Once passed, educating inspectors, owners and contractors on the updated codes will be a major challenge.



Keith Rudolph (right), Chief Boiler Inspector

3. Fragile Database for Elevators:

The current software program for processing permits, inspection reports and permits is no longer being supported. The FOCUS Company went out of business on June 30, 2010. Several major features are non-operational and the program has become cumbersome to use. It may also crash at any time. Part of the legislation enabled the program to raise its permit and inspection fees to help pay for a new information technology system similar to many other e-hawaii.gov applications that are transaction based. A form to allow online requests and prepayment for new installations of elevators, lifts and dumbwaiters has been developed and will be probably be ready for public use by the end of January 2013. HIOSH is in the process of searching for a provider that can design a program which links the customer request form to the data base and to an inspection schedule so that the parties applying for permits will be able to see the inspection schedule and so that permits can be issued electronically.

4. Amusement Rides:

Elevator inspectors currently perform amusement ride inspections after attending training and passing a certification exam administered by the National Association of Amusement Ride Officials (NAARSO). The training and exam is only offered once a year generally on the East Coast. The Branch is considering attempting to train multiple inspectors to the II level by assembling a quorum for locally given classes, bringing an instructor to Hawai'i rather than sending staff off-island. Currently, only one inspector is certified at the inspector I level.

Wage Standards Division

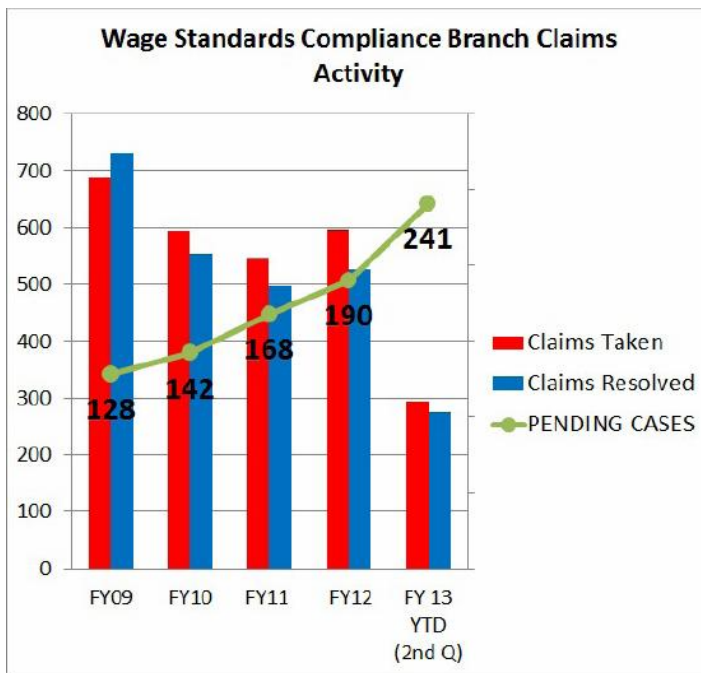
Overview

The Wage Standards Division (“Division”) administers and enforces six different labor laws related to wages in the Hawai‘i Revised Statutes (HRS). The laws operate to keep young workers safe in the workplace (Child Labor Law, Chapter 390, HRS); ensure employees are paid their wages due, (Wage and Hour Law, Chapter 387, HRS; Payment of Wages and Other Compensation, Chapter 388, HRS; Wages and Hours of Employees on Public Works, Chapter 104, HRS) and provide job protection when family members need care or an employee is fired or discriminated against because of a lie detector test, a workers compensation injury, taking an on-site drug test, or taking accrued sick leave. (Hawaii Family Leave Law, Chapter 398, HRS, Employment Practices Law, Part II – Lie Detector Test and Part III – Unlawful Suspension or Discharge.)



The staff of the WSD

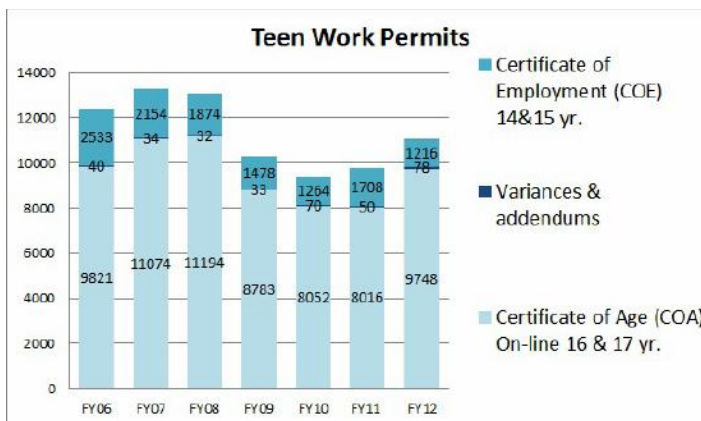
Compliance is accomplished in four ways: 1) Addressing complaints through field investigations or hearings; 2) Conducting randomly generated audits; 3) Education outreach to both employers to promote voluntary compliance and to employees to educate them about their employee rights; and 4) Working with partner agencies in enforcement.



In FY 12, the Division's three branches, (Intake and Certification; Compliance; and Hearings) and Technical Support and Services Office had twelve Labor Law Enforcement Specialists serving statewide. The full time equivalent of a thirteenth budgeted Labor Law Specialist position was vacant due to retirements and internal movements. Three Office Assistants on O'ahu provide clerical support statewide. The Administrator and Secretary complete the current list of eighteen budgeted positions in the Division.

Highlights and Accomplishments

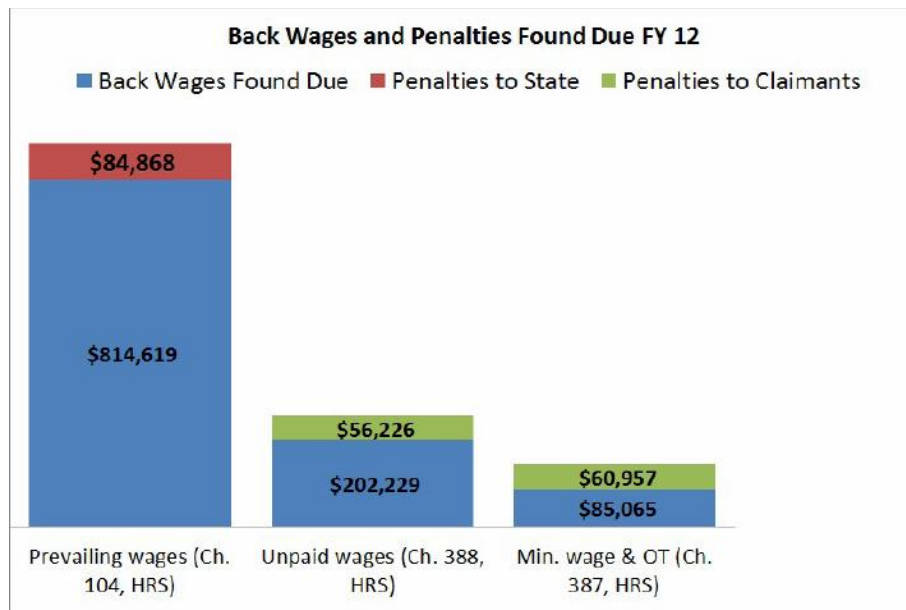
Following the leadership of Governor Abercrombie's New Day Administration, restoring confidence in government recognizes our commitment to keeping the public trust. Customer service is a priority to the Division and our mantra, "Service with aloha improving the quality of work life in Hawai'i," continues to dominate our approach to meeting our customers' and the public's needs. Customer service surveys report that 96% of our customers are very satisfied or satisfied with the service provided. Statewide, the Division recorded 10,504 requests for information by either phone call or walking into the office. The Division also issued four hundred twelve written responses.



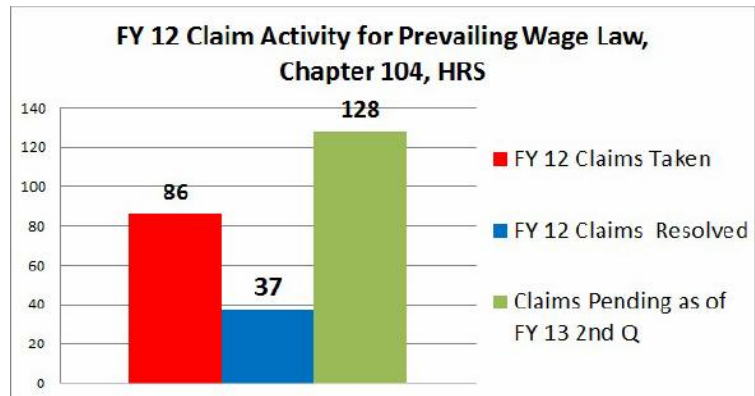
Child labor permit requests remained steady throughout the State. The Division issued 1,216 Certificates of Employment to teens age 14 and 15 years old and 9,748 Certificates of Age for teens 16 and 17 years old. Twenty-eight different variances were issue for theatrical work with 50 addendums modifying those variances. The majority came from theatrical work of minors on the television productions of "Hawai'i Five-O" and a new series "Last Resort". In the first quarter of FY 2012, the Division has long-term variances open for working minors issued to the production company Eye Productions for the TV show "Hawai'i Five-O".

The Division received six hundred seventy-three (673) new complaints and resolved six hundred and thirteen (613) complaints and two random audits. Back wages of \$1,101,913 were found due to 362 employees. In addition, \$117,183 penalties were found due to employees and \$84,868 in penalties due to the State.

Implementing a new penalty of suspension for falsification of certified payrolls on public construction projects was an important goal this year. Working with the Office of the Attorney General, the Division



developed a process and procedure that resulted in the first suspension under Act 168, Regular Session 2008. This first step is now part of the regular penalty processing that will serve to eliminate “cheaters” from bidding on public works for three years. In the first quarter of Fiscal Year 2013, two more contractors have been suspended from eligibility for bidding on State and county public works projects. Suspension notices go out to the Department of Accounting and General Services and the Department of Commerce and Consumer Affairs to ensure that appropriate actions are taken in the State Procurement Office and contractor licensing activity. Suspensions will be listed on the WSD webpage as they are created.



“Thank you for a wonderful experience!”
—K.M., March 2012 (Customer Survey #844)

A remodeled webpage has a noticeable impact on the inquiry workload because the webpage makes it easier for the public to find answers to their questions. Adding social media to the outreach efforts has increased our ability to provide services to the public twenty-four hours a day, seven days a week. Through Hawaii Teens at Work, the Division’s Facebook presence for teens, where parents and employers can discuss teen employment issues, the Division has seen this form of social media play a significant role in facilitating the dissemination of information. The Division also maintains a blog (Inside Hawaii Wage Standards) where comments of current interest are posted.

Challenges

A backlog of cases that began to amass in Fiscal Year 2008 continues to grow in the Compliance Branch. Budgeted positions have been reduced, which caused the adjusting of the investigation processes and procedures to tackle the ever-increasing backlog.

The Reduction-in-Force created a situation where the technical support and services labor law enforcement specialist, and clerical services had no supervisors, and the intake and certification branch chief had no one to supervise. Previously, the Intake and Certification Branch personnel operated as personnel training ground that fed the Compliance Branch. Without these individuals, the training period for Compliance investigators will take up to two and half years. With much of the Compliance staff eligible to retire, finding qualified individuals when they retire will be difficult and create a gap in the ability to conduct certain investigations. Plans to re-organize will alleviate some of these specific challenges.

Software for the Division's database known as the Wage Standards Division Information Management System (WSDIMS) developed in Microsoft Access 2002 is 10 years old. Recent upgrades to Windows 7 and Microsoft Access 2010 should allow us to maintain the database for at least another 3 years until the State IT plan is in place and guidelines that are more definitive are in place.

FY 2013 Goals and Objectives

To address the personnel challenges the Division is working on a major re-organization. Combining the Technical Support and Services Office, the Intake and Certification Branch and Clerical Services will provide coverage for some essential tasks that currently have no back-ups and will provide supervision for the clerical team. As part of the combining of these offices, three positions will be rewritten to accommodate the change in scope of jobs. Two of the positions to be re-described will modify an office assistant into a para-professional position that will have increased responsibilities to address the public on substantive matters and operate as a bridge position to the Compliance Branch investigations team. With limited funds, this re-organization may be carried out in Phases.

Unclaimed wages from investigations that are more than two years old have accumulated to approximately \$400,000 as of the end of FY 11. Developing an electronic system will allow us to deposit the funds with Budget and Finance's Unclaimed Wage Funds. Changes to the system of transferring funds will make it possible to set up an annual review of the Wage Claim Fund deposits in order to more timely move these amounts to the appropriate place.

Filling the vacant position in the Hearings Branch is an important goal to ensure that enforcement continues in a responsible way. Working with a modified approach to conducting hearings and using technology will allow the Division to tackle the pending complaints until the Hearings Branch has adequate resources to return to its regular process of conducting hearings of complaints and appeals.

Hawai'i Civil Rights Commission

The Hawai'i Civil Rights Commission (HCRC) is responsible for enforcement of state civil rights laws prohibiting discrimination in employment (Hawai'i Revised Statutes (HRS) Chapter § 378, Part I), housing (HRS Chapter § 515), public accommodations (HRS Chapter § 489), and state and state-funded services (HRS § 368-1.5).

Civil Rights in the “New Day in Hawai'i Plan”

The “New Day in Hawai'i” Plan, reflects the State's commitment to civil rights and the enforcement of state civil rights laws:

Civil and Human Rights

In Hawaii, our diversity does not divide us; our diversity defines us.

It is critical that we protect the civil and human rights of all our people. We must fight discrimination in all forms ...

Protecting people's civil rights cannot be compromised and [we are] committed to this most essential of constitutional imperatives.

The HCRC in FY 2012

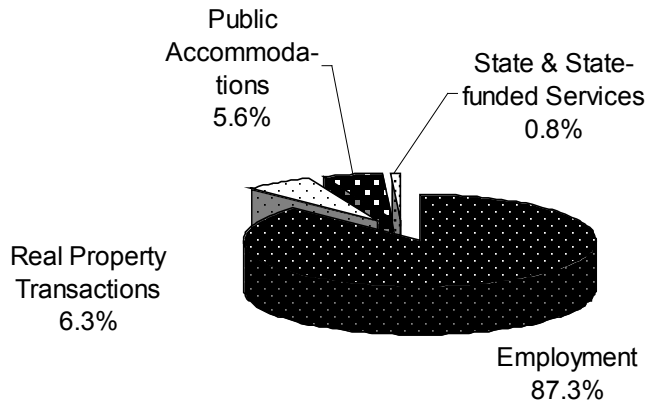
During FY 2012, the HCRC focused its efforts on maintaining enforcement and public education activities despite the continuing impact of reduced resources, furloughs, loss of positions and key staff, freezes on filling vacancies, and other restrictions.

Investigation and charge processing

In FY 2010, the HCRC lost three (3) of eleven (11) (27%) of its permanent investigator positions. Coupled with furloughs and supplemental time off (STO) for state employees, this has caused a significant negative impact on the HCRC's capacity to timely and effectively investigate discrimination complaints from intake through investigation and disposition. The average length of investigation to closure by investigators was 351 days in FY 2012, compared to 363 days in FY 2011, and 326 days in FY 2010. The reduction of investigator staffing also had a substantial impact the HCRC intake process. With as many as 250 pre-complaint questionnaires pending at any time, the intake process has been subject to delay for months after initial contact, running close to the 180-day statute of limitations for filing a complaint.

During FY 2012, HCRC investigators conducted 694 intakes, and 639 discrimination complaints were filed with the HCRC, an average of 53.3 complaints a month. Of the 639 complaints filed with the HCRC, 398 complaints originated with HCRC investigators, and another 241 cases originated with the federal EEOC or HUD and were dual-filed under state law with the HCRC.

Complaints Filed FY2011-2012



The 639 cases included 558 employment cases, forty (40) housing cases, thirty-six (36) public accommodations cases, and five (5) cases involving state and state-funded services. The 639 cases consisted of 463 Oahu complaints, seventy-nine (79) Hawai'i County complaints, fifty-six (56) Maui County complaints, and forty-one (41) Kaua'i County complaints.

Mediation

The HCRC's voluntary mediation program completed its thirteenth year of operation, working with the Mediation Centers of Hawai'i, community mediation centers on O'ahu, Hawai'i, Maui, and Kaua'i, and private mediators. Fourteen (14) cases settled in mediation. The mediation program suffered the effects of death of the HCRC's long-time mediation coordinator. Unable to fill this critical position due to funding constraints and forced to use enforcement staff to cover program responsibilities, both mediation and investigations were negatively affected.

Public Education

The HCRC continued to prevent and eliminate discrimination through public education. HCRC staff made numerous presentations on civil rights and discrimination to labor, business, and professional, civil rights, and other community organizations. Public education included fair housing training on Kaua'i, Maui, Hawai'i, and O'ahu. The HCRC held its annual EEO public training in November 2011 at the Blaisdell Exhibition Hall, covering basic and advanced topics. The theme of the training was "EEO in Hawai'i: Update and Trends" and included an address on civil rights in Hawai'i by Dwight Takamine, Director of Labor and Industrial Relations. The highlight of the training was a presentation on the new U.S. Equal Employment and Opportunity Commission (EEOC) regulations implementing the ADA Amendments Act of 2008 (ADAAA) by HCRC Chair Linda Krieger and EEOC Commissioner Chai Feldblum, a nation expert and one of the architects of the ADA and ADAAA.

Litigation and Settlements

During FY 2012, HCRC enforcement attorneys continued to conciliate and litigate cause cases, in which there was a determination of reasonable cause to believe that unlawful discrimination has occurred.

The loss of one (1) of three (3) (33%) permanent enforcement attorney positions in the 2009 RIF and subsequent abolishment of the lost position¹, coupled with furloughs through FY 2011, directly resulted in higher caseloads and impacted the processing of cases to just resolution.

During FY 2012, the HCRC continued to successfully obtain monetary relief thorough settlement of complaints. In 15 closed cause cases, HCRC attorneys obtained monetary settlements totaling \$218,000. Of forty (40) cases settled prior to an investigative finding, twenty (20) involved confidential settlements. In the remaining twenty (20) cases, monetary relief obtained totaled \$92,751.

In addition to monetary relief, significant affirmative relief was also obtained. Affirmative relief is sought for four basic reasons: to enforce civil rights laws, stop discriminatory conduct, prevent future harm to complainants, and assist respondents in avoiding future violations. During FY 2012, a significant number of employers, housing providers, and public accommodations agreed to correct unlawful discriminatory policies or practices.

Objectives and Goals for FY 2012-2013

Rebuilding and Restoring Diminished Capacity and Fulfilling the State's Commitment to Strong Civil Rights Enforcement

The Hawai'i Civil Rights Commission (HCRC) has shared in the budget reduction required of all state agencies since 2008 in response to the worst and unprecedented economic downturn and budget crisis the state has faced. The recession resulted in a substantial reduction in state general funds (GF), while the number of discrimination complaints increased. As the direct result of reductions in force (RIFs), freezes, abolishment of positions, employee furloughs, and collectively bargained for supplemental leave without pay, the HCRC had to adjust to lost capacity and productivity, while maintaining the highest possible levels of efficiency and effectiveness.

As a result of RIFs and abolishment of positions, the HCRC has lost 8 of 30 permanent positions (27%), including 3 of 11 permanent investigator positions (27%).

In addition to being subject to the same RIFs, furloughs, and budget and staffing cuts that every state program has faced, the HCRC was administered a "poison pill" that threatens to cripple the HCRC and state civil rights law enforcement – over-reliance on federal funding.

In order to maintain enforcement capacity, the HCRC has been forced to shift the means of funding (MOF) from state funds to federal funds to pay for permanent positions in addition to temporary positions, as well as to cover non-personal services operating costs (supplies, library and research database, postage, service of process, litigation costs, etc.). 8 of 22 permanent positions are wholly or partially federal funded (1 position at 100% federal funded and 7 positions at 50-50 federal and state General Fund (GF)), for a total of 4.5 permanent positions.

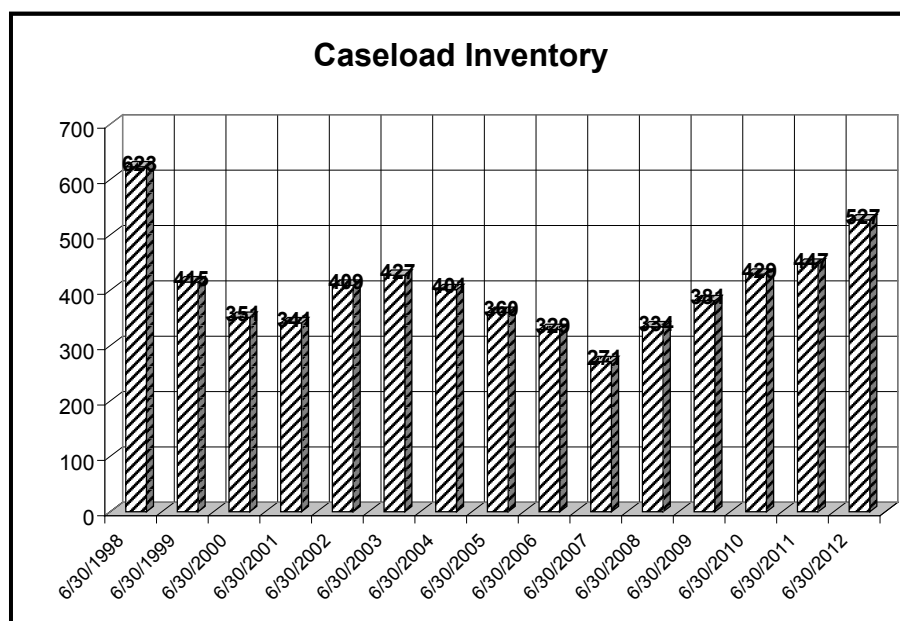
The HCRC has 2 sources of federal funds: U.S. Equal Employment Opportunity Commission (EEOC) and U.S. Department of Housing and Urban Development (HUD) contracts for investigation and disposition of complaints dual-filed under state and federal law. As the HCRC was forced to shift MOF for positions from GF to federal funds in order to maintain operations, federal funds spent far exceeded federal funds

1. The third permanent enforcement attorney position was restored by the legislature in the FY 2011 budget and reestablished during FY 2012.

received. For example, in FY 2011 the amount of federal funds received was \$254,113 and the amount of federal funds expended was \$440,191 (\$358,550 personal services + \$81,641 other current expenses).

Since 2009, the HCRC has consistently warned the administration and the legislature that with continued over-reliance on federal funds, the HCRC's federal fund reserve would be exhausted by the end of FY 2012. As predicted, at the end of FY 2012 the HCRC's federal fund reserve was exhausted. If over-reliance on federal funding is not addressed, it will directly cause additional loss of capacity, affecting both permanent and temporary positions.

Loss of capacity jeopardizes effective civil rights law enforcement. With the 27% loss of enforcement and investigation staff and work days lost to furloughs and unpaid leave, the size and age of the HCRC pending investigation caseload inventory increased from 271 cases at the end of FY 2007 to 527 at the end of FY 2012. The average age of the 271 cases in investigation at the end of FY 2007 was 255 days from time of complaint filing; at the end of FY 2012, the average age of the 527 cases was 419 days.

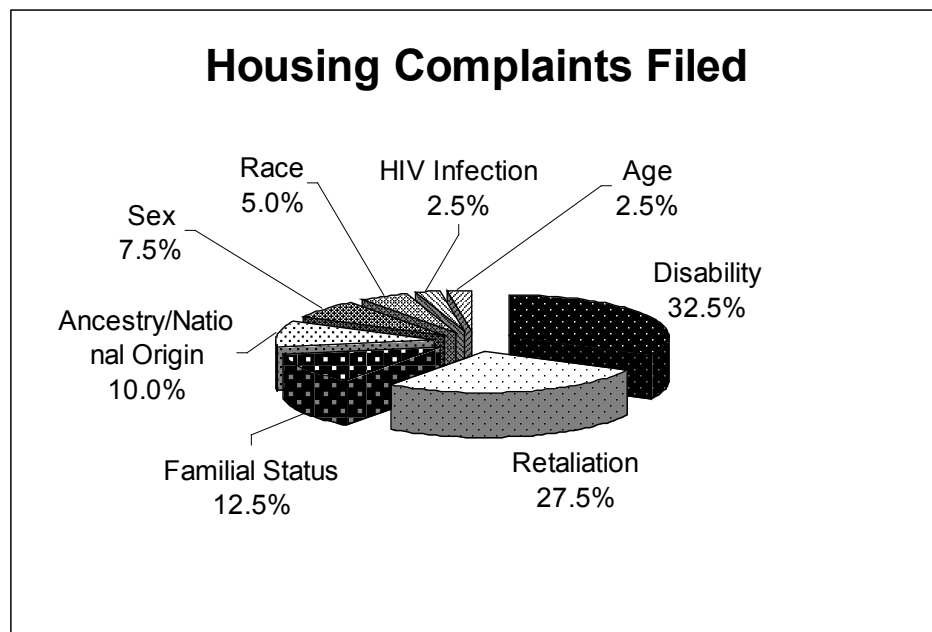
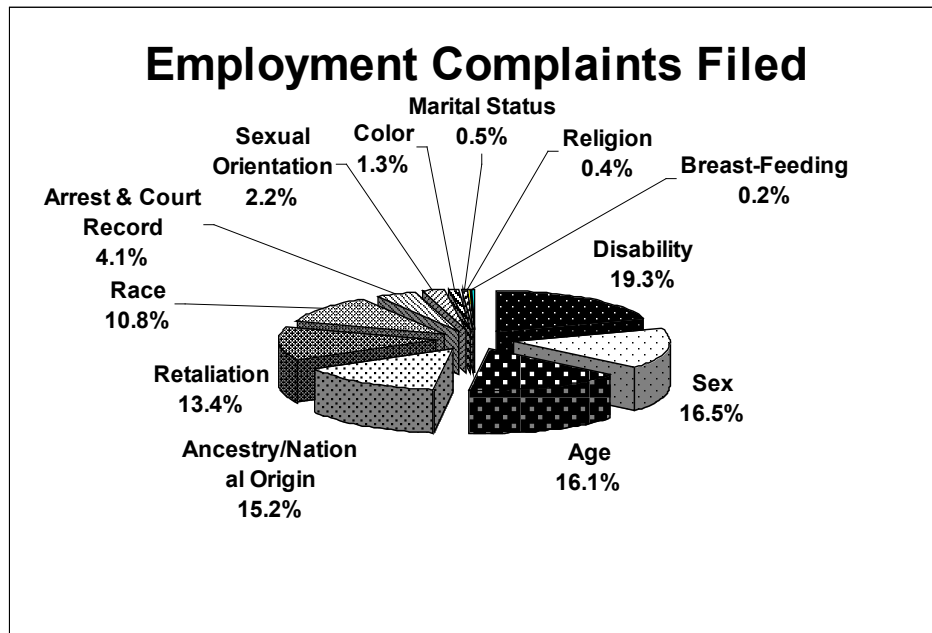


The increase in case inventory directly affects the length of time it takes to investigate complaints. The biggest impact is the delay in investigating priority cases. As cases age, they become more difficult to investigate, conciliate, and prosecute. The consequences of delay are detrimental to all the parties – workers and employers, tenants and landlords, homeowners and AOAOs, customers and businesses, and complainants and respondents – and to the public interest in providing relief to the victims of discrimination and preventing future discrimination. Civil rights law enforcement is diminished, reflecting a lack of state commitment, and equal opportunity and justice are denied.

The HCRC's worksharing and cooperative agreements with EEOC and HUD both require maintenance of state effort, expressly prohibiting unilateral reduction of state resources dedicated to enforcement of fair employment and fair housing laws. Both EEOC and HUD have expressed concern over the maintenance of state efforts, with the reduction of GF funding and positions. Both contracts provide payment for investigation and disposition of dual-filed complaints. Loss of capacity results in fewer cases investigated to completion and less funding under the contracts, exacerbating the problem of over-reliance on federal funds.

The HCRC caseload cannot be allowed to grow to the extent it becomes impossible to effectively and timely investigate, conciliate, and litigate complaints. Without restoration of capacity, the HCRC will be forced to consider dismissal of complaints without investigation for administrative reasons, in order to maintain the investigation caseload at a manageable level.

With restored capacity, HCRC enforcement efforts will be re-focused on strong enforcement, with a strategic emphasis on dedicating resources to priority cases.



Hawaii Labor Relations Board

*James B. Nicholson, Chair
Sesnita A.D. Moepono, Member
Rock B. Ley, Member*

Goals & Objectives

The Hawai'i Labor Relations Board (HLRB) seeks to promote good faith and fair dealing between private/public sector employees, labor unions, and employers by resolving labor-management disputes and ensuing fair administration of collective bargaining laws.

The Board also decides contests and appeals of decisions rendered by the DLIR Director, through the Hawai'i Occupational Safety and Health Division (HIOSH) under Hawaii Revised Statutes (HRS) Chapter 396. Its mission under HRS Chapter 396 is to ensure the right of workers to a safe and healthful work environment and encourage employer and employee efforts to reduce injuries and illnesses arising from employment. These cases typically involve employer contests of citations and penalties issued and appeals in discrimination cases involving the reporting of health and safety violations.

The HLRB endeavors to conduct proceedings in a fair and efficient manner and reduce the time lag in rendering its decisions.

Performance Monitoring

HLRB performance is monitored both quantitatively and qualitatively, including the number of activities, cases and appeals filed.

Case Statistics

The following represents the cases filed and pending before the Board in FY12:

Type of Case	Pending 6/30/11	Filed	Closed	Pending 6/30/12
Public Sector				
Prohibited Practice against Employer	66	27	12	81
Prohibited Practice against Union	13	8	9	12
Prohibited Practice against Employee	1	0	0	1
Impasse	13	0	7	6
Declaratory Ruling	1	1	0	2
Unit Clarification	3	0	0	3
Private Sector				
Unfair Labor Practice against Employer	0	1	0	1

Type of Case	Pending 6/30/11	Filed	Closed	Pending 6/30/12
HIOSH Appeals				
Citation	17	16	18	15
Discrimination	2	5	1	6
Total	116	58	47	127

In FY 2012, a total of 36 public sector employment cases, 1 private sector employment case, and 21 HIOSH cases were filed with the Board. The Board conducted 68 prehearing or status conferences, 26 motions hearings, and 50 days of hearings and closed 47 cases. The Board issued 59 orders relating to collective bargaining, including 28 orders disposing of the cases. The Board also issued 1 HIOSH decision and 33 orders, including 18 dispositive orders. In addition, the Board was party to 17 court proceedings and prevailed in whole or in part in 100% of the Court appeals where its decisions were reviewed.

One measure of the Board's efficiency is the percentage of cases disposed of within 60 days of submission. During FY 2012, the Board closed 89% of the cases within 60 days. These cases vary in complexity; some involving issues affecting one employee and others affecting the rights of a large number of employees.

Conclusion and Challenges

In reviewing the case activity for labor relations cases for this fiscal year, the Board believes it has continued to meet its goals of fairly administering the provisions of HRS Chapters 89 and 377, credibly and objectively resolving the labor-management disputes brought before it by promoting good faith and harmony in the working relationships of the respective parties. The Board has worked diligently to encourage the settlement of disputes brought before it by broaching settlement issues early at the pre-hearing conference encouraging the parties with authority to resolve the controversy to attend the initial conferences, and involving individual Board Members to assist the parties in settlement discussions. In many cases, the parties were able to resolve their disputes and the Board credits the parties for their efforts and reasonableness in reaching a settlement.

This fiscal year has presented new challenges for the parties involved in collective bargaining in the public sector due to continuing economic challenges.

Only one public sector union, the HGEA on behalf of bargaining units 02, 03, 04, 06 and 13, entered into collective bargaining agreements units by the close of FY12. Four bargaining units, 09, 10, 11 and 12, remain in the interest arbitration process and two bargaining units, 01 and 05, were at impasse. The Board continues to look forward to assist the parties in resolving their contract disputes.

With respect to the HIOSH contests, the Board conducted initial conferences, motions hearings and de novo hearings on the contests of citations. The Board strives to provide a forum for the fair and efficient adjudication of safety and health contests by balancing the rights of employers while securing the safety of their workers. As evidenced by the closed cases in Appendix A, the parties were successful in settling a number of contests. The Board commends the parties for their efforts to resolve their disputes and ensure a safe working environment for Hawai'i's employees.

The Board is continuing to face a constant backlog of cases due in part to the complexity of the issues before the Board and loss of workdays from supplemental time off for employees following the furloughs during the past several years. The Board notes that at the close of FY 2010, there were 52 cases pending decision or order; at the close of FY 2011, there were 64 cases pending decision or order; and at the close of FY 2012, there were 62 cases pending decision and order.

The constant backlog of cases highlights the Board's need for additional professional staff to assist in researching the complex issues presented, promulgating new administrative rules, and drafting decisions and orders. However, due to fiscal constraints facing the State, the Board will need to rely on its resourcefulness and commitment to its mission to explore alternatives to accomplish its goals and resolve the pending cases. In an effort to increase efficiency, the Board has continued its efforts to move towards the electronic filing of cases and to streamline the drafting and review of notices, decisions and orders.

Unemployment Insurance Division

Executive Summary

2012 marks the 75th anniversary of the Unemployment Insurance (UI) program since its inception in 1937 in the Territory of Hawai'i. The program was created during the Great Depression to serve as the first line of defense to address the financial needs of unemployed families and the weakened economy. Despite dramatic fluctuations and changes in the economy over the years, the counter-cyclical nature of the program (i.e. expanded payouts during recessions and increased revenues during recovery periods) has proven successful in achieving the vision of employment stabilization. A study of several recent recessions found that unemployment benefits contribute \$2.15 in economic growth for every dollar of benefits spent.

During the recent Great Recession, Hawai'i's unemployment rate increased 300% from a full employment of 1.1% in 2007 to 3.4% in 2008 and 2009. The accompanying spike in the claims workload, exacerbated by an unprecedented 47 weeks of federal extension benefits, overwhelmed all UI offices statewide. As the UI system struggled with the crush of surging workloads and the immediate need to hire additional staff, the State imposed severe budgetary constraints to deal with revenue shortfalls. Across-the-board furloughs, hiring delays due to reduction-in-force, overtime restrictions and supplemental time off aggravated UI efforts to process claims on a timely basis to the point where the UI Division is still coping with the residual backlog.

Over the last 20 years, computer modernization, development and expansion of web applications and virtual call center technology have enhanced efficiency and convenience in the UI business model. Building upon that foundation, service to the public and program integrity will continue to improve as ongoing automation projects, including direct deposit of UI benefits and electronic verification of earnings are implemented in 2013. Consistent with U.S. Department of Labor (USDOL) initiatives for the UI program, there are also plans to impose a penalty on fraud overpayments, hold recoup of certain overpayments from employers, offset overpaid benefits with federal income tax refunds, notify claimants automatically of potential overpayments, and obtain separation information more expeditiously.

Program Overview

Created by the Social Security Act (SSA) of 1935, the UI program is a federal-state partnership based on federal law but administered under state statutes (Chapter 383, Hawai'i Revised Statutes). The SSA and the Federal Unemployment Tax Act (FUTA) establish certain over-arching mandates which, if states do not comply with, may result in loss of federal administrative grants to operate state programs and withholding of federal tax offsets for employers. States are responsible for enforcing their laws specific to claims processing and payment operations as well as assessing and collecting employer contributions.

Highlights

Reemployment and Eligibility Assessments (REA). 2012 - 2013 marks Hawai'i's eighth year of participation in the REA program, a pilot U.S. Department of Labor (USDOL) funded project, to review continued eligibility and assist unemployed workers in returning to work. From 2005 to 2011, the Hawai'i UI Division (UID) has applied for and received over \$2.3 million in REA funds to service more than 58,000 individuals across the state. Since September 2008, the UID has collaborated with the Workforce Development Division (WDD) to select and conduct the assessments during the first 2 weeks of an individual's UI claim. Since successfully securing another USDOL grant of \$703,100 in 2012, the UI-WDD partnership will accommodate an additional 12,000 participants before March 31, 2013.

REA interviews include in-person eligibility evaluations, access to labor market information, development of individual re-employment plans, and referrals to reemployment services or training. As a result of the REA, the duration of unemployment for individuals participating in the REA was reduced by one week and savings to the UI Trust Fund amounted to approximately \$1.3 million in 2010, the most recent full year for which results are available.

For all of their efforts, the REA team comprised of WDD and UI staff won the 2012 Governor's Team of the Year award.

Internet Claims Filing

The final phase of the online claims filing system was completed in July 2012. This web-based system became operational in May 2009 and subsequently augmented with continued claim certification filing, inquiry capability, reactivation of existing claims, federal claims taking, and military claims taking to improve effectiveness and access to more clients. Although usage of the internet system by self-filers has been steadily increasing, current figures indicate only 15.8% for initial claims and 38.7% for continued claims. While online claims may never entirely supplant in-person filing, the ultimate goal is to expand the practice to substantially reduce office visits to only limited, exceptional circumstances.

Hawai'i Unemployment Insurance (HUI) Express

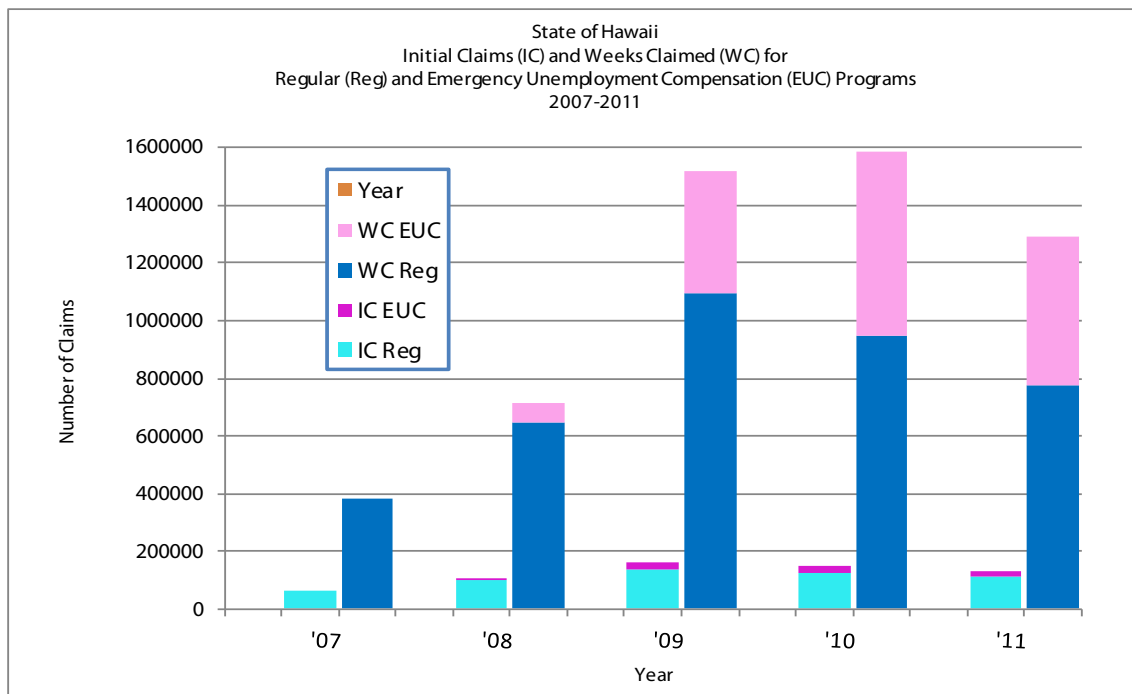
Since 2005-2006, this online system has been available to employers to submit quarterly unemployment insurance reports and make online payments. Approximately 66% of the 31,000+ employers use HUI Express to send in wage reports and 24% make online contribution payments. The challenge continues to be in convincing small employers to make the leap of faith from paper forms and that the risk involved in online financial transactions are no greater than submitting checks, which involve time-consuming manual cashing processes.

Program Integrity

The Quality Control Unit performs ongoing audits on UI claims to determine if benefits are correctly paid or denied. In calendar year 2011, the correct payment rate for Hawai'i was 96.85%, one of the highest in the nation. That Hawai'i's payment accuracy rates have remained consistently in the 90 percentile range over many years is testament to the diligence of the local offices in properly identifying and resolving issues, documenting and verifying pertinent information before authorizing payments and well-managed local offices. Hawai'i supports the USDOL priority of prevention, detection, and recovery of improper payments and has committed to implementing USDOL core integrity activities in 2012 – 2013.

Federal Emergency Unemployment Compensation

From December 2007 to June 2009, the economy experienced the longest and deepest recession since the Great Depression. In response to the high unemployment rate, Congress created a temporary program of federally-funded benefits, Emergency Unemployment Compensation (EUC), in 2008 and extended it numerous times. If no Congressional action is taken for another extension, the last payable week of EUC benefits will be December 29, 2012 and the EUC program will end on January 2, 2013. The 47 weeks of EUC benefits enabled Hawai'i residents to continue their lifeline of jobless benefits after their regular benefits of 26 weeks. A total of 61,935 EUC claims were paid from 2008 to August 2012 and infused \$815 million of EUC benefits into the local economy.



New and Ongoing Initiatives in 2012-2013

Direct Deposit of Benefit Payments

By the end of 2012, claimants will be allowed the option of having their benefit payments directly deposited into their bank accounts. This modernization of the current benefit payment check process will substantially reduce costs for the UID and provide more timely delivery of benefits to claimants. If complete conversion to the direct deposit option by claimants can be achieved, the UID would realize savings of over \$350,000 in annual postage costs.

Alternate Site for Interactive Voice Response and Internet Systems

Plans are already underway to relocate the UID critical Interactive Voice Response and internet (initial claims and weekly claims) filing systems to an alternate location with backup power generators by June 2013. The new location of its systems will address the UID vulnerability to business continuity risks by allowing uninterrupted operation of the UID in the event of a power outage at the current Punchbowl Street location. The UID submitted a supplemental budget request for funding of the alternative site and a grant of \$100,000 was awarded by the USDOL.

Electronic Low Earnings Report (ELER) Filing System

This project will result in an electronic Low Earnings Report filing system to streamline the earnings verification process for individuals who file partial or part-total claims. Employers will use this system to “self-file” their low earnings report securely over the internet and eliminate the manual entry by UI staff of thousands of weekly low earnings reports. This system will also improve integrity efforts to combat problems with untimely, inaccurate or unreported earnings from part-time employment that result in overpaid benefits. The UID applied for and received a grant of \$270,300 from the USDOL to redesign the existing labor-intensive wage confirmation process.

National Directory of New Hires (NDNH) Recommended Operating Procedure

To advance efforts in reducing and preventing overpayments, the new hire cross match system currently in operation will be modified to automatically generate notification letters to claimants regarding the detection of unreported employment during periods that unemployment benefits were claimed. The UID applied for and received a \$16,000 grant from the USDOL to implement this core integrity activity.

State Information Data Exchange System (SIDES)

This new web-based system enables the communication and transmission of UI separation information requests between the UID and employers or third party administrators. Transmission of SIDES will improve the timeliness and quality of separation information required for proper adjudication of eligibility issues. As a result, SIDES will facilitate prompt determinations and constrain improper benefit payments. The \$323,877 grant request by the UID was approved the USDOL to fulfill the planned objectives of the SIDES project.

Treasury Offset Program (TOP)

With the successful installation of agreements, program changes and operational policies, TOP will permit the assignment of federal income tax refunds to any outstanding unemployment debts owed by employers and claimants. Legislation to amend Chapter 383, HRS, will be pursued in the 2013 Legislative Session to enable TOP implementation. The UID applied for and was awarded a \$394,600 grant to support the funding of the TOP project costs.

Penalty on Fraud Overpayments and Employer Liability

By October 2013, all states are mandated, as a USDOL conformity requirement, to impose a 15% penalty charge on individuals who obtain unemployment benefits fraudulently. Changes to federal law passed in 2011 also prohibit noncharging of overpaid amounts to employers who are at fault for overpayments caused by failure to provide information requested by the UID. The Hawai'i Employment Security Law must be amended by the 2013 State Legislature to effectuate the compulsory provisions of the federal legislation.

Challenges

Decline in Performance

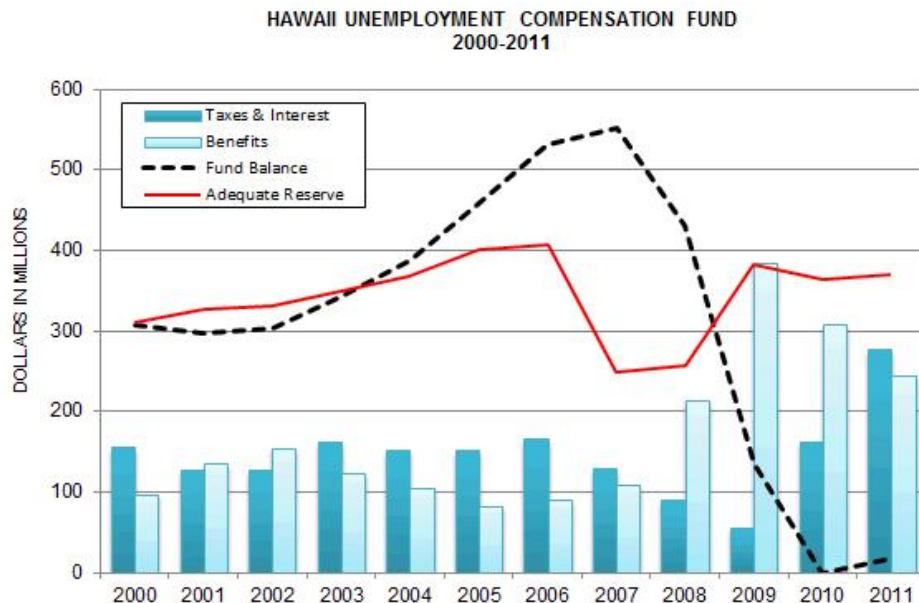
Hawai'i's performance is improving but falls short of the Acceptable Level of Performance (ALP) in a few federally established Core Measures, the performance standards in key areas that each state must meet. Lower than acceptable scores over prolonged periods necessitates that states submit detailed corrective action plans on a quarterly basis to the USDOL for purposes of monitoring and assessing any disparity between the targeted goals and the actual outcomes in each performance category.

In 2011, Hawai'i met 10 out of 18 core measures as offices grappled with extraordinarily high workload volumes and massive backlogs. This situation was inevitable as UI employees were subject to furloughs starting in 2009 at a time when the stagnating economy created not only widespread job losses but higher numbers of long-term unemployed. As local offices contended with increases in claims for regular and EUC benefits and longer durations for filing (maximum 73 weeks), over 3000 hours of work time were lost due to the imposition of two furlough days per month for over 10 months.

Multiple Ongoing Projects

Currently and continuing through most of 2013, the UID will be involved in several high profile projects, funded through the USDOL, with extremely demanding timelines and completion deadlines. The concurrent assignments and overlapping implementation schedules will be a challenge for a limited UI technical staff experienced in project management, systems testing, staff training, and policy/procedure writing. These supplementary projects are additional assignments for UI staff whose responsibilities include day-to-day duties related to regulating and evaluating statewide UI operations.

The UID is also heavily dependent upon the expertise of, and coordination with, the Department of Accounting and General Services Information & Communication Services Division (ICSD) analysts/programmers as well as the DLIR Electronic Data Processing Systems Office (EDPSO) staff for the success of each highly specialized initiative. The risks involved in the projects are incalculable, where major computer mishaps and critical "showstoppers" that stymie the implementation schedule can delay or interrupt the timely payment of UI benefits to claimants and disrupt assessment of employers' payroll taxes.



UI Trust Fund Insolvency

The Hawai'i UI trust fund reserves were depleted beginning in December 2010 and continuing through July 2011. Federal Title XII loans totaling \$163 million were required to allow uninterrupted payments to jobless claimants. A special surcharge was imposed on all contributory employers to pay for interest charges of \$211,000 assessed on the loan. In March to April 2012, the trust fund again became insolvent, necessitating an advance of \$19 million.

Historically, the only other time the trust fund became insolvent was in 1976, when Hawai'i borrowed \$22.5 million to cover benefit payment costs. To avoid a repeat of the 1976 situation, various amendments were enacted to enable tax schedules to be more responsive to economic fluctuations and to define adequate reserve levels. However, despite severely diminished reserves, legislative measures have been approved in every year since 2008 to suspend the existing statutory-based rate calculation process in favor of lower contribution schedules for employers.

Disability Compensation Division

Plans, directs, and coordinates statewide activities relating to interpretation, implementation and administration of WC, TDI and PHC laws, rules, regulations, policies and procedures.

The Disability Compensation Division (DCD) administers the Workers' Compensation (WC), Temporary Disability Insurance (TDI), and Prepaid Health Care (PHC) laws, rules, regulations, policies and procedures. The division's staff of 88 employees is organized into three (3) program offices (WC, TDI/PHC, and Program Support) and five (5) operational branches (Plans, Enforcement, WC Claims, Hearings, and Vocational Rehabilitation). The main office is located in Honolulu with district offices on the neighbor islands (Wailuku—Maui, Kealahou—Hawaii, Hilo—Hawaii, and Lihue—Kauai).

The DCD's mission is to provide economic security and stability for Hawaii's workforce through education, enforcement, and adjudication of the WC, TDI, and PHC laws. Its primary objectives include ensuring efficient processing of claims; timely provision of medical services and payment of benefits to injured workers; employer compliance with WC, TDI, and PHC insurance coverage requirements; and monitoring health plans to ensure employees are provided with the benefits that are required under the PHC law.

The following are the three programs administered by the DCD:

Workers' Compensation

An employer-paid insurance program that provides economic relief for employees injured on the job. WC benefits include medical and hospital expenses, lost wages, permanent disability disfigurement, and vocational rehabilitation.

Temporary Disability Insurance

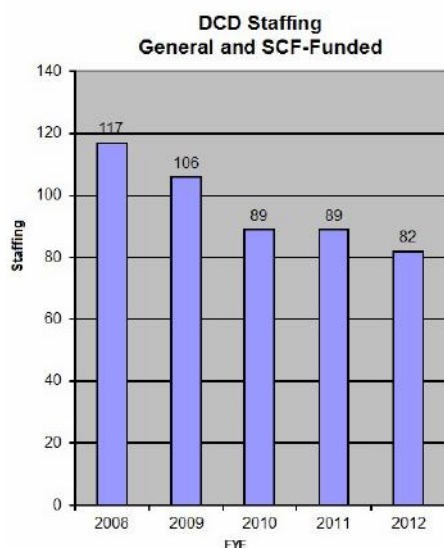
The employer-provided insurance provides partial wage loss benefits to employees who suffer off-the-job injuries or illnesses.

Prepaid Health Care

The PHC law requires employers to provide workers with health care benefits for off-the-job injuries or illnesses. Coverage includes hospitalization, surgery, physician office visits, diagnostic tests, and maternity benefits. Hawaii is the only state to adopt a prepaid health care law and continues to be a leader in providing universal health care coverage.

Background

The Disability Compensation Division (DCD) faced serious challenges to its ability to maintain its quality of service to the public after having lost 35 (net) of its 109 general-funded positions or 32% of its staff over the past four years (2009–2012).



In 2009, the DCD lost 28 (net) positions or 24% of its staffing that heavily impacted the division's ability to perform its mission. The Honolulu Office lost 21 positions (2x DC Program Specialists, 1x Data Processing Systems Analyst, 2x Workers' Compensation (WC) Hearings Officers; 3x Investigators; 1x Auditor; 10x Office Assistants; 1x Clerk Stenographer, and 1x Temporary Disability Insurance/Health Care Specialist). The Hilo Office lost one position (1x Office Assistant), Kona's Office lost two positions (1x WC Hearings Officer; 1x Office Assistant; and 1x Admin-Funded Office Assistant that was funded by another office); Maui's Office lost two positions (1x Investigator; 1x Office Assistant); and Kauai's Office lost four positions (1x WC Hearings Officer; 1x Investigator; 1x Office Assistant; and 1x Admin-Funded Office Assistant that was funded by another office).

In the 2011-2012 fiscal year, the DCD's budget was cut by \$400,000, necessitating seven positions to remain vacant to cover the shortfall. These positions, which were abolished at the end of Fiscal Year 2012, were from the: Honolulu Office (1x Investigator; 1x Auditor; 2x Office Assistants), Kauai Office (1x Labor Programs Field Manager); Kona Office (1x Investigator); and Maui Office (1x Office Assistant).

In addition to the abolished positions, the DCD is unable to fill eight vacant positions (3 of which are filled on a temporary basis) because of the tenuous budget situation and because DCD, as the largest general-funded division in the department, bears the brunt of the department's 5% restriction on general funds.

FY12 Operations

The DCD accomplished the following in FY 12:

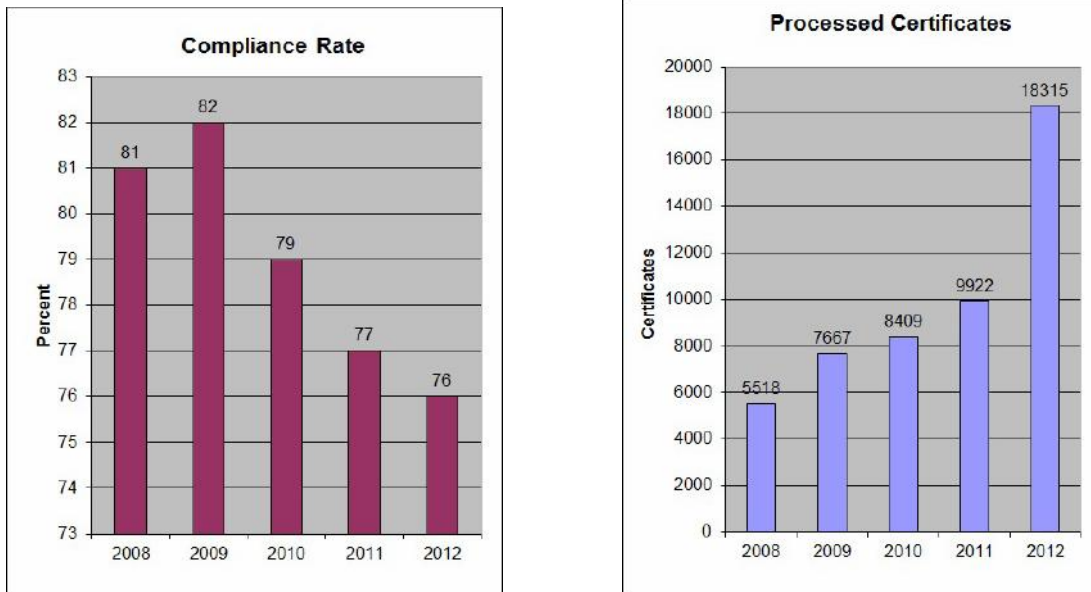
- Issued 97% of Workers' Compensation decisions within 60 days of its hearings;
- Processed 18,315 Certificates of Compliance applications - a key step in the procurement process that allows companies to bid and do business with State and County governments;
- Performed 8,780 reviews of Temporary Disability Insurance and Prepaid Health Care plans;
- Processed over 21,349 WC claims;
- Conducted 1,993 WC hearings;
- Issued 6,989 WC decisions; and
- Referred 460 WC eligible claimants to rehabilitation services.

Despite the division's accomplishments, the personnel and budget cuts significantly affected the DCD's ability to carry out its services to the public. These significant impacts were:

Impact on Government Services and the Public

The loss of the 35 (net) positions and the vacant positions the division has been unable to fill because of budget situation have adversely affected the division's ability to effectively protect the economic and medical security of the working public that the Workers' Compensation, Temporary Disability Insurance (TDI), and Prepaid Health Care (PHC) laws were intended to provide.

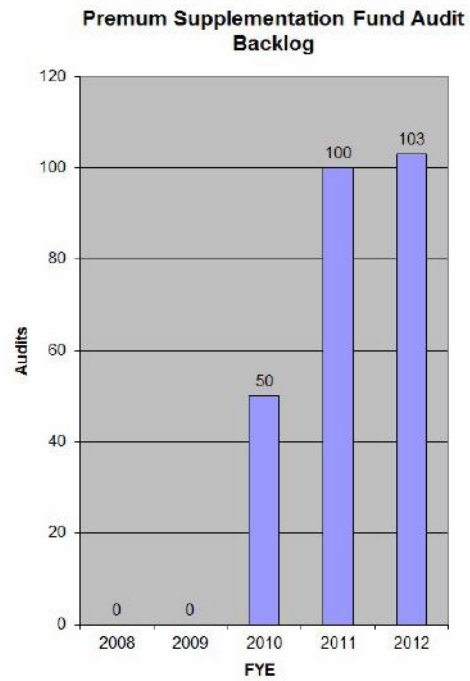
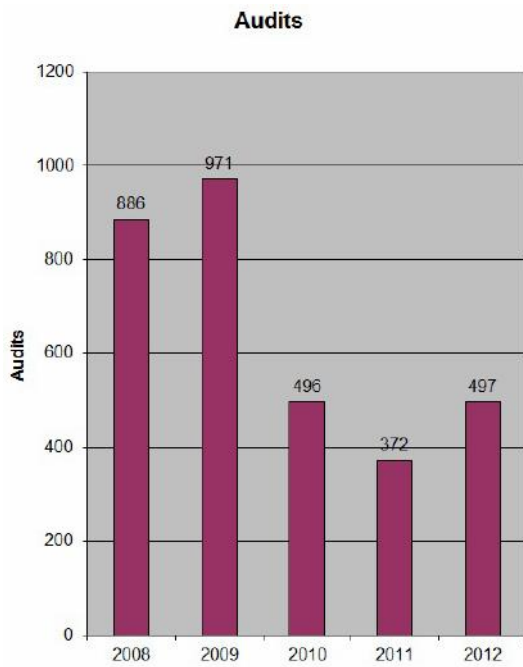
Reduction in employer monitoring for compliance with WC, TDI, and PHC laws



Monitoring employer compliance with WC, TDI and PHC laws dropped due to the loss of two investigator and one auditor positions. Investigations dropped from 8,800 in FY09 to 5,702 in FY 12, resulting in a decrease in employer compliance from 82% in FY 09 to 76% in FY 12. Exacerbating this situation was the spike in the number of Certificates of Compliance the Investigators were required to process, increasing from 5,518 in FY 08 to 18,315 in FY 12. The division reprioritized the processing of these certificates to ensure DCD does not delay the creation of new construction jobs because bidders on Hawaii Compliance Express must have up to date WC, TDI and PHC coverage. Though State CIP spending is an important part of our continued economic recovery, having professional staff perform clerical work is inefficient. The Administration's biennial budget has included one clerical position to help mitigate this problem.

Audits, meanwhile, decreased from 970 in FY 09 to 497 in FY 12, reflecting the loss of one auditor and one clerical position and a shift of the focus of efforts to process employers' requests for premium supplementation payments for medical insurance premiums. The staffing cutback has left the Audit Staff with only three auditors statewide and has necessitated the auditors to eliminate its employer compliance checks.

The reduction in audit staff has also caused the backlog of premium supplementation audits to increase to 103 audits, resulting in employers having to wait 15 - 18 months for their supplemental funding. This funding, which partially reimburses employers with less than eight employees for health care expenses, is intended to provide supplemental relief to the high cost of health insurance during these tough economic times.



The loss of three Office Assistant positions in the Insurance Section and the Plans Branch has affected the reliability of employers' WC and PHC coverage information as insurance records have backlogged to three to four months from being entered into the division's automation system, resulting in outdated and inaccurate status of insurance coverage of employers and negatively affecting enforcement operations that rely on this information in their conduct of their investigations and audits. The division plans to reduce the backlog by leveraging its automation system and partnering with third party databases to electronically incorporate their information into the DCD system with greater speed and efficiency.

Slowdown of WC Claims Processing to ensure claimants are receiving benefits they are entitled to

The number of WC cases closed dropped from 24,729 in FY 09 to 20,222 in FY 12 reflecting the loss of four Office Assistant positions in the branch that process WC claims. The five-month backlog this unit now faces has delayed the final review of cases to ensure claimants have received proper and accurate WC benefits entitled to them.

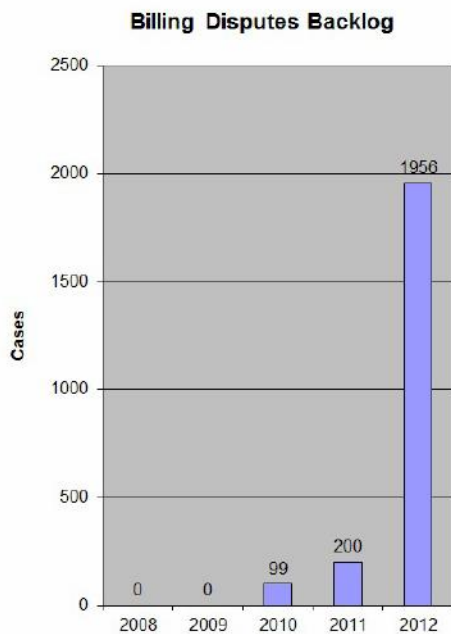
The loss of the Office Assistants has also affected the filing of WC documents into case folders, causing delays in processing cases for WC hearings and the receipt of WC economic and medical benefits to the claimant. The delays have also impeded division Facilitators from researching and responding to requests from the public about their WC cases.

Despite the division's efforts to redirect and reassign responsibilities in the claims processing system, the division was unable to curtail the increasing backlog and has requested four additional Office Assistant positions in the coming biennium budget.

Impact on Division Operations

Worker's Compensation Hearings Operations.

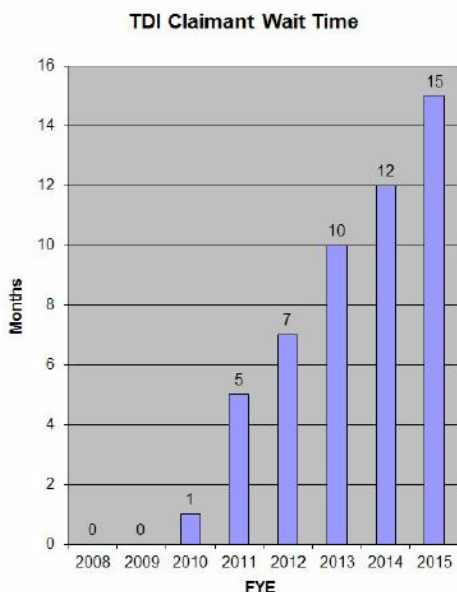
Certain workers' compensation cases now take eight to nine months to be scheduled for a hearing, causing claimants whose claims have been contested to be without benefits for up to 12 months. During this time, the claimants who rely on their job as their sole source of income will be financially at risk until a decision is rendered by the DCD. Claimants may therefore face financial hardships that put them at risk of falling behind in mortgage, rental, and creditor payments, and that may eventually lead to losing their homes, being evicted, or having to choose between paying for food or their personal or children's needs (e.g. school lunch, supplies, transportation, etc).



DCD has attempted to mitigate the backlog by: reassigning some Honolulu case hearings to the Kauai District Office and having these cases heard remotely from that island; assigning case review to a Hearings Officer to relieve the backlog in cases readied to be reviewed; and redirecting certain claimant requests for hearings to the Facilitator section to expedite the scheduling of cases to be sent to hearings.

Billing dispute cases, meanwhile, have continued to climb from zero in 2009 to 150 at the end of FY 12, before erupting to nearly 2,000 disputes in December 2012. The dramatic increase is due to disputes over repackaging and compound drug reimbursements that are being filed at a rate of up to 50 per day.

To this end, the division in its FB 13-15 budget has requested five additional positions (2x Hearings officers; and 3x Office Assistants) to reduce the hearings backlog and to provide economic and medical protection to workers' compensation claimants.



Temporary Disability Insurance Hearings Operations

The budget cuts that eliminated the TDI Referee's position and the Cost Review Branch necessitated the transfer of TDI- and PHC-appealed cases and billing dispute cases to the Hearings Branch. Branch operations were retooled and employees were retrained to accommodate the reorganization. The Branch was making slow but consistent progress in methodically hearing the 113 backlogged TDI appeals, but the retirement in FY 12 of the sole hearings officer qualified to conduct the hearings has ground the TDI hearings to a halt until another hearings officer can be trained and readied.

The 7-month wait time claimants need to wait for their cases to be heard will continue to increase until the DCD

can resume the hearing of these cases. The division in its FB 13-15 budget, requested two additional positions (1x Hearings Officer; 1x Office Assistant) to eliminate the backlog and provide relief to TDI claimants.

Records and Claims Operations.

The Records and Claims Branch has struggled to maintain an efficient level of services to the public and has continued to shuffle employees to perform tasks previously done by employees who were eliminated by the Reduction-in-Force (RIF). The workload has doubled for each of the remaining clerks who have relied on overtime to keep the operation running. The division in its FB 13-15 budget requested four additional positions (4x Office Assistants) to restore workers' compensation services to the public to its pre-RIF (2009) levels and to eliminate overtime costs.

Challenges Ahead

Maintaining the same level of service to the public despite losing 35 (net) positions or 32% of staffing since 2009

The division has been able to maintain a minimal level of service to the public by reshuffling employee assignments to address problems created by the staffing shortage. The resiliency and teamwork of the employees have also allowed managers to modify workflows and tasks throughout the division to shore up the damage created by the budget cuts over the past four years. Clerical employees regularly rotate job assignments as necessary to address section backlogs as they occur, while non-clerical employees have filled in key vacant positions while maintaining the workload of their current jobs.

The division has further attempted to mitigate the increasing backlogs created by the budget cuts and lengthy hiring freezes by making operational changes and reassigning employees to maintain the scheduling and conduct of WC hearings. Although successful at first, the division has been unable to keep up with the increased workload as the overall level of efficiency dropped during the transition process. Hearings on Oahu that once were scheduled and held in three to four months, for example, now take eight to nine months.

The division has sought and received assistance from departmental employees both from within and outside the division to assist with clearing the backlogged operations. The Insurance Section has also reduced its backlog of insurance certificates by employing non-clerical employees to input the records and reduce its backlog of insurance certificates, and by partnering with non-governmental entities to tap into their existing databases for information the division currently inputs by hand. The Hearings Branch, meanwhile, plans to augment its staff with a Hearings Officer from another division to reduce its TDI appeals caseload.

Workers' Compensation (WC) Hearings Operations

The WC hearings operations group ensures timely review, scheduling, hearing, and rendering of decisions in contested WC cases. The loss of eleven employees that work in this group has seriously hampered the division's ability to adjudicate WC disputes in a timely manner. This group suffered the biggest personnel losses during the past four years, and despite the division's efforts to reassign, reprioritize, and redirect its operations, case backlog has continued to increase resulting in claimants having to wait longer to receive their WC benefits in contested cases.

Enforcement Operations (Investigations)

The increased number of delinquent employers resulted in more employees losing the economic and health care protection afforded by the WC, TDI, and PHC laws.

The increased backlog and inability to quickly resolve compliance issues will further increase the number of complaints from unprotected employees and will result in larger backlogs that will delay timely disability benefits and medical care to employees.

The large number of delinquent employers also exposes the WC Special Compensation Fund (SCF), the TDI Special Fund, and the Prepaid Health Care Premium Supplementation Fund to greater risks of having to pay WC, TDI, and PHC to employees who are not covered by their delinquent employers. Inadequate funding in the WC SCF and the TDI Special Fund will drive up the costs of Workers' Compensation and Temporary Disability Insurance for Hawaii employers as the state continues to recover from the recession. Shortfalls in the Premium Supplementation Fund (PSF) will result in the General Fund having to contribute approximately \$500,000 annually to sustain the PSF.

Enforcement Operations (Audits)

The Premium Supplementation Fund requests for supplementation payments, currently backlogged at 103 requests, are the focus of effort for the audit staff. The requests, which help support small businesses in these challenging economic times by providing prepaid health care financial assistance to companies with eight or less employees, are time consuming and have caused the Audit Section to terminate its routine compliance checks on employers for TDI and PHC coverage as well as the annual reviews of financial solvency for self-insured employers.

Other delays resulting from cutbacks to the audit staff include:

- Delays in reviewing and approving employers' new self-insured TDI and PHC plans resulting in employers without adequate TDI and PHC coverage;
- Delays in auditing financial records of delinquent employers causing delays in reimbursements to the TDI and PHC special funds; and
- Delays in responding to complaints from the public concerning over-withholding of TDI and PHC premiums from their paychecks.

Insurance Operations

The Insurance Section that maintains the status of WC employer insurance coverage has suffered a 50% cut to its staff and has had to rely on personnel from other DCD branches and from employees from around the department to assist with its operations. The backlogged operations have resulted in inaccurate reports on the status of WC coverage of employers, causing unnecessary investigations of employers and delays in processing Certificates of Compliance necessary for private companies to do business with the State and Counties of Hawaii. The backlog and inability to quickly resolve compliance issues will further increase the number of complaints from unprotected employees and will result in larger backlogs that will delay employees from receiving timely disability benefits and medical care.

Proposed Restorations

The department has requested to establish and fund thirteen general-funded positions in FY14 to partially restore the division's level of public service to pre-2009 levels. As identified earlier in this report, the additional positions will allow the division to: restore the division's capacity to conduct Workers' Compensation (WC) hearings in a timely manner to support Act 26 SLH 2009 and to decrease backlogged WC cases awaiting hearing; provide clerical support to the division's Certificate of Compliance program and the administration's programs; and restore capacity to conduct Temporary Disability

Insurance (TDI) hearings in a timely manner and eliminate backlogged TDI cases awaiting hearing. A brief description of the budget requests follows:

- Establish and fund nine (9) positions in DCD to support Act 26 SLH 2009 and to decrease backlogged WC cases awaiting hearing.
 - » Act 26 SLH 2009 required the DCD to make a decision within 30 days of filing of a dispute concerning a proposed treatment plan or whether medical service should be continued. The DCD has been unable to meet this requirement because of the staff reductions over the past four years.
 - » This request seeks to establish the following positions to supplement existing staff:
 - One (1) Office Assistant (OA) IV and three (3) OA III positions to receive, process, and prepare the disputed case files;
 - One (1) OA IV position to screen and review the cases;
 - One (1) OA IV position to assist with the scheduling of hearings;
 - One (1) Hearings Officer (HO) III and one (1) OA V to conduct the hearings and to draft decisions; and
 - One (1) OA III to finalize and issue decisions.
- Establish and fund one (1) Office Assistant III position to support Act 52 SLH 2003 and to certify vendor compliance for WC, TDI, and PHC laws.
 - » Act 52 SLH 2003 created Chapter 3-122-112, HAR, which requires vendors to provide proof of compliance under WC, TDI and PHC laws before they can bid and be awarded contracts with the State and Counties. The number of certificates required to be processed by the DCD has jumped from 5,000 in 2008 to over 18,000 in 2012. The reduction of clerical staff tasked with processing these certificates has required the DCD to use professional investigators to perform the clerical duties resulting in the reduction of the enforcement efforts of the division.
 - This request seeks to establish one (1) OA III position to relieve the investigators from having to perform the certification tasks.

- Establish and fund one (1) Office Assistant III position to provide clerical support to the DCD Administrative programs.
 - » The ability of the DCD Administrator and his program staff to support the administration of the WC, TDI, and PHC laws for the health and well-being of Hawaii's workforce has been severely hampered by the loss of the sole Clerk-Steno position that provided the administrative support to the Programs staff.
 - » This request seeks to establish one (1) OA III position to restore the Administrative Section's ability to provide efficient and timely support to the division statewide.
- Establish and fund two (2) positions to eliminate backlogged TDI cases awaiting hearing.
 - » Section 392-72 (Appeals, filing and hearing) requires disputes over TDI benefits to be heard by a referee. The 2009 RIF eliminated the sole TDI hearings officer responsible for hearing the appealed TDI cases. Since the loss of the hearings officer, the backlog of cases will continue to grow from its present 7-month backlog until a hearings officer can be brought on-line to conduct these hearings.
 - » Establishing one (1) Hearings Officer V position and one (1) OA IV position will allow the DCD to resume hearing and resolving TDI disputes in a timely manner.

Summary

Solving the operational problems and backlogs created by the loss of 35 (net) positions, exacerbated by the inability to fill key vacant positions, are the current focus of effort by the DCD. Maintaining an adequate level of service to the public will continue to challenge the division as long as budgetary restraints continue to impact the division's staffing levels.

To mitigate the impact of the staffing losses, the DCD is working towards:

- Aggressively restoring key positions via the Executive Budget that were lost during the RIF in order to partially restore the level of public service to pre-2009 levels.
- Leveraging its automation system and partnering with the private sector to reduce its backlog by capturing employer insurance information with greater speed and efficiency—enabled by Act 262 (SLH, 2012) an Administration measure the DCD helped shepherd through the Legislature.
- Redirecting, reassigning, and reprioritizing its operations through collaborative efforts of the division's clerical and professional staff, samples include:
 - » Reducing the hearings backlog by using Neighbor Island hearings officers to remotely hear Honolulu cases
 - » Deploying the senior hearings officer to hear TDI cases
- Reprioritizing its enforcement efforts to support Hawaii businesses' recovery through these tough economic times, for example, by ensuring the DCD does not delay the creation of new construction

jobs and economic recovery by processing a 232% increase in Certificates of Compliance for on Hawaii Compliance Express.

- Maintaining Employee Morale. Employees are showing signs of burnout as they try to keep up with the increased workload stemming from the RIF and the abolished and vacant positions.

The endless backlogs identified above have increased the level and intensity of the work performed by division employees as they try to sustain the work tempo and provide the same level of services to the public as was done prior FY 09. The ramifications from the staffing cutbacks have manifested through lower morale, employee burnout, transfers out of the division, and increased employee retirements.

Moreover, during the past twelve months five employees retired, taking with them decades of experience and knowledge. The wealth of knowledge and experience that was lost from the division will take years to replace as many of the DCD's professional positions, such as workers' compensation hearings officers, are unique and require a long ramp up time to learn their jobs and perform efficiently.

DLIR's request to establish and fund thirteen general-funded positions will not in itself solve all the problems the division faces, but it will contribute greatly to morale and help partially restore service levels that the employees seek to provide.

Despite DCD's efforts, the DLIR continues to be concerned that the severe degradation of DCD service levels will force undue financial hardships to those who can least afford it, and put unnecessary stress on the claimants' families that face potential loss of their homes and a lower standard of living. Moreover, without immediate assistance, the DLIR fears that the division's backlogged operations may contribute to delaying our state's fragile economic recovery and may not provide the support levels it desires for small businesses during these challenging economic times.

Office of Language Access

The Office of Language Access (OLA) is in its fifth year of operations. The office was established by law as an administratively attached agency. The OLA is mandated to provide oversight, central coordination, and technical assistance to state agencies and covered entities in their implementation of language access requirements and in the provision of language services under the law.

The OLA executive director is advised by a Language Access Advisory Council composed of representatives from the state, the community, the counties, and at-large.

The OLA remained a one-man office until early 2012 when it was able to fill the positions of OLA Secretary (March 2012) and OLA Senior Legal Analyst (May 2012). For FY 2012, OLA's budget went down from \$312,228 (\$163,992 in personal services and \$148,236 in other current expenses) to \$306,749 (\$158,513 in personal services and \$148,236 in other current expenses) as a result of salary cuts.

During the 2012 legislative session, a law (Act 201) was passed amending the language access law by transferring OLA from the Department of Labor and Industrial Relations to the Department of Health. The transfer will take effect on July 1, 2013. The law also increased the membership of the Language Access Advisory Council from 16 to 17 by adding an at-large position.

Among OLA's activities during the year were the following:

5-Day Training on Community Interpretation

Twenty-nine (29) bilingual participants attended the Community Interpreter Training sponsored by OLA from March 12-16, 2012. This training was the first ever conducted in Hawaii and the diversity of languages spoken by the trainees included Chuukese, Marshallese, Samoan, Cantonese, Mandarin, Japanese, Korean, Tagalog, Ilokano, Laotian, Thai, Vietnamese, Spanish, and Russian. The training covered interpreting in health care, education and human and social services based on the code of ethics and standards of practice of the National Council on Interpreting in Health Care (NCIHC). The training was conducted by Marjory Bancroft and Lourdes Rubio-Fitzpatrick of Cross Cultural Communications based in Maryland.



Outreach Project with Senior Medicare Patrol

OLA partnered with the Senior Medicare Patrol (SMP Hawaii) in an outreach campaign to LEP Ilokano-speaking Medicare beneficiaries conducted through a series of Medicare fraud prevention town hall meetings on Kauai, Lanai, Maui and Hawaii in February-March 2012; translations of Medicare fraud prevention print materials; and media outreach through PSAs on Filipino radio programs. For this project, SMP Hawaii received the Certificate Award for Region IX – recognizing SMP Hawaii “for Outstanding Outreach Strategies to Hard to Reach Populations” – from the Administration for Community Living (ACL) Regional Administrators and ACL Project Officers for ACL Regions VIII, IX, and X on August 15, 2012 in San Francisco.



OLA Executive Director Colmenares with SMP Hawaii Coordinator Adele Ching

5th Annual Hawaii Conference on Language Access

This year's 5th Annual Hawai'i Conference on Language Access was held on August 22-23, 2012 at the Imin International Conference Center, East-West Center in Honolulu. Sponsored by the OLA, the conference was attended by more than 200 participants representing state and county agencies, non-profits, the private sector, students, community members, and interpreters/translators. The theme of the conference was “Ka Unuhi: Translation – Maximizing Quality and Minimizing Costs.”

The conference keynote speakers were Deeana Jang, Chief of the Federal Coordination and Compliance Section, Civil Rights Division, DOJ; Michael Leoz, Regional Manager, Office for Civil Rights, Region IX, DHHS; Kleber Palma, Director, New York City Department of Education Translation and Interpretation Unit; and Jason Reed, LEP Program Manager, Economic Services Administration, Washington State Department of Social and Health Services. The conference was divided into two tracks: one for translators, and another for users of translation services.



OLA Executive Director Colmenares Giving His Presentation

3rd OLA Retreat

The Third Office of Language Access Retreat was held on November 7, 2012 at the Hawaii State Capitol Conference Room 325 from 8:00 a.m. to 4:30 p.m.. The purposes of the retreat were: (1) to review OLA's goals and objectives in light of its move to DOH; (2) to revisit the functions of the Language Access Advisory Council; and (3) to revisit the language access law and how it can be strengthened in terms of implementation. The retreat was attended by members of the Language Access Advisory Council and some language access coordinators and community members. Dr. Michael Cheang of UH facilitated the morning session while Shari Dela Cuadra of DOE led the afternoon discussion.

Other Activities

The Office of Language Access worked with Hawaii Health Systems Corporation in establishing their language access plan and provided technical assistance to UH students doing research on language access. It also held monthly meetings of the Language Access Advisory Council and quarterly meetings of the State Language Access Coordinators.

The Office also regularly published its OLA Quarterly newsletter, and has made presentations at conferences and meetings with agencies and community organizations. It has received and reviewed bi-annual reports and revised language access plans from several state agencies. It has responded to hundreds of calls from LEP individuals and agencies requesting for language services and other information.

Challenges

While the office was able to provide some technical assistance, it was unable to conduct compliance monitoring visits to agencies during the year.

There continues to be a need to inform and educate state agencies and the public about the language access law and the importance of language access in Hawai'i. In addition, the need for further statewide training of front line and bilingual staff as well as state agency administrators remains.

The conduct of compliance monitoring, education and outreach activities, as well as training, however, was limited by the lack of staff.

The office currently is in a limbo as to where it will be physically located following the transfer to DOH.

Labor & Industrial Relations Appeals Board

Overview

The Labor & Industrial Relations Appeals Board (LIRAB) is a quasi-judicial agency attached to the Department of Labor & Industrial Relations for administrative and budgetary purposes only. LIRAB adjudicates appeals from decisions rendered by the Director via the Disability Compensation Division relating to workers' compensation matters (Chapter 386, Hawai'i Revised Statutes) and decisions rendered by the Director relating to the Boiler and Elevator Safety Law (Chapter 397, Hawai'i Revised Statutes). Proceedings before LIRAB are subject to Chapter 91 of the Hawai'i Administrative Procedures Act and other applicable administrative rules and laws.

Program Objective

LIRAB's program objective is to provide prompt, just and inexpensive determination of appeals from decisions of the Director of Labor & Industrial Relations relating to Workers' Compensation and Boiler and Elevator Safety.

LIRAB Members

LIRAB comprises three board members appointed by the Governor of the State of Hawai'i and confirmed by the Hawai'i State Senate for 10-year terms. Roland Q.F. Thom, Esq., LIRAB's current Chairperson, was appointed in 2006 and reappointed to a full term in 2010. David A. Pendleton, Esq. was also appointed in 2006. Melanie S. Matsui, Esq. was appointed in 2008. All three board members are active licensed attorneys in the State of Hawai'i.

LIRAB Staff

In addition to the three board members, the following make up LIRAB's staff:

- Executive Officer
- Hearings Officer
- Legal Assistant
- Researcher
- Chief Clerk II
- Secretary

Highlights of LIRAB Activities for FY 2012

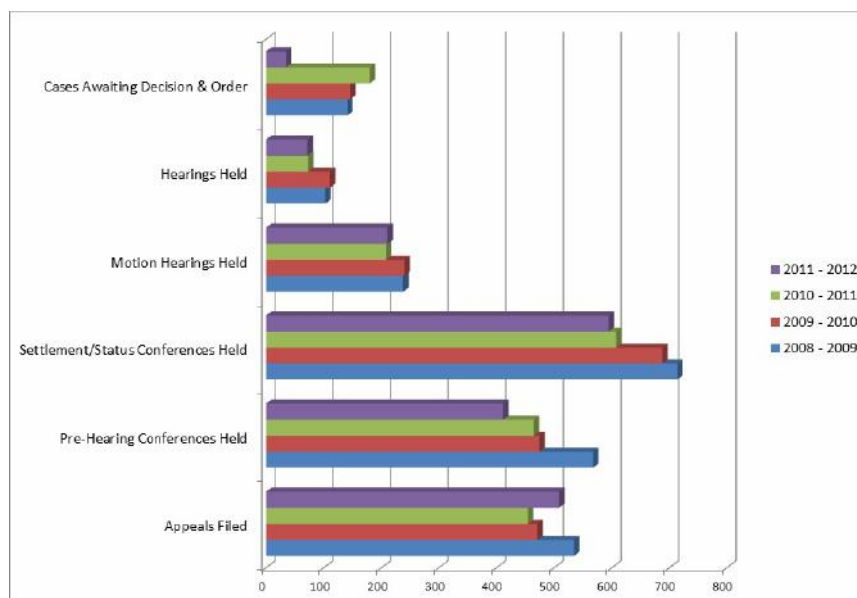
Workers' Compensation Cases

New appeals received in FY 2012	509
Cases disposed of or closed by settlement, dismissal, Decision and Order, or other means in FY 2012	627
Cases pending as of June 30, 2012	634
Pre-hearing conferences (initial, settlement and status conferences) held in FY 2012	1007
Motions heard in FY 2012	211
Trials held in FY 2012	72
Percentage of cases resolved within 15 months in FY 2012 (compared to 59% in FY 2011)	47%
Percentage of appeals upheld by appellate court in FY 2012	100%
Number of cases awaiting written decision and order in FY 2012 (compared to 136 in FY 2011)	35

Boiler & Elevator Safety Cases

Cases pending as of June 2009	0
New appeals filed during FY 2009-2010	0

A noteworthy accomplishment for FY 2012 is the reduction of number of cases awaiting decisions and order from 136 in FY 2011 to 35 in FY 2012. LIRAB attributes this achievement to the agency's leadership and its legal staff, who assumed additional drafting duties and implemented organizational changes that streamlined the drafting process. Another noteworthy performance measure that bears highlighting is the 100% affirmance rate for cases appealed to the appellate court. Although the percentage of cases resolved within 15 months was reduced from 59% in FY 2011 to 47% in FY 2012, this was due in part to



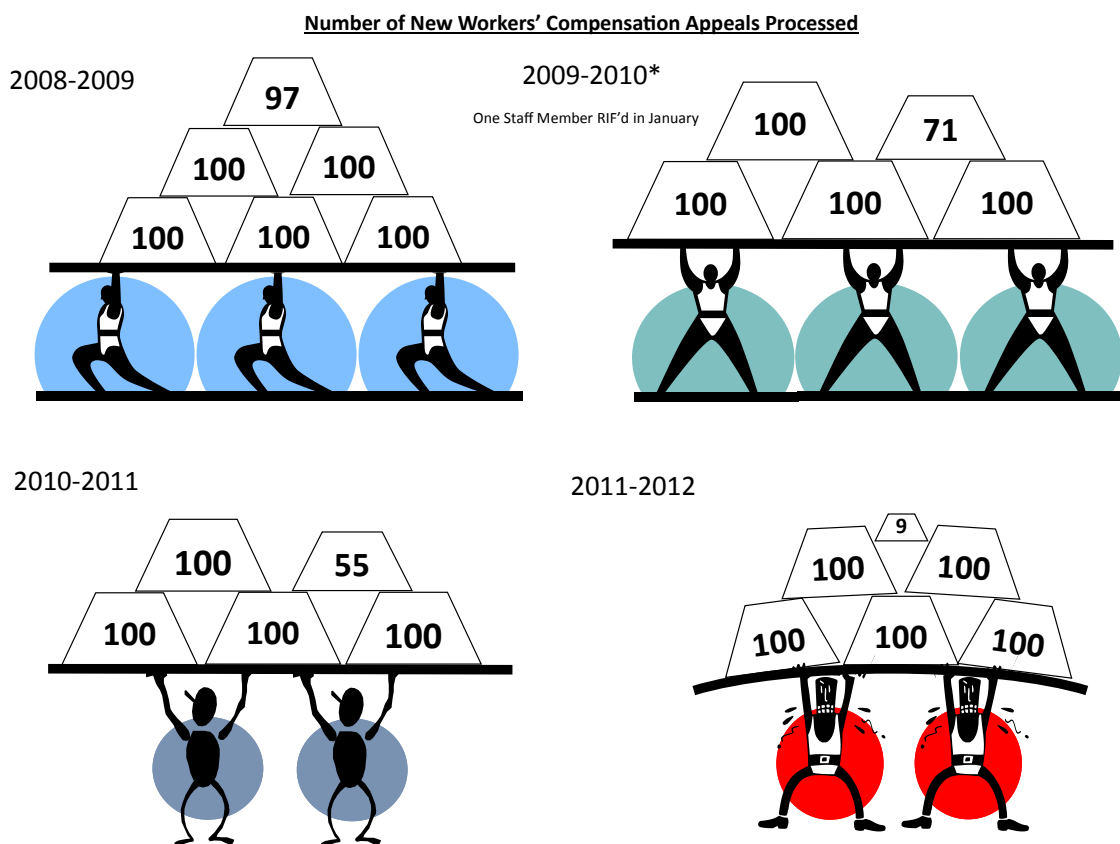
the large number of decisions that were issued by LIRAB in FY 2012. A number of those decisions were issued for cases that had been on LIRAB's docket for longer than 15 months.

Challenges

Due to the 2008 State hiring freeze and elimination of vacant positions in 2009, LIRAB lost two full-time staff attorneys responsible for drafting LIRAB decisions and orders. In early 2010, LIRAB lost one civil service clerical position (clerk stenographer) to the Statewide Reduction-in-Force (RIF). The most substantial challenge for LIRAB since 2008 has been understaffing in both the legal and clerical sections. LIRAB's legal section responded to the position cuts by working harder and smarter to reduce its backlog. The less desirable but unavoidable by-product of those efforts has been heavier workloads on the already overburdened clerical staff and delays and backlogs in filing, new case preparation, and the processing of settlement documents.

In FY 2010, LIRAB's clerical staff processed 471 new appeals, disposed of 543 cases, and provided administrative and clerical support for a significant portion of the 842 pending cases at LIRAB. The clerical staff was reduced from three to two in January of 2010 due to the RIF, but the workload remained steady through the next two fiscal years.

In FY 2011, after LIRAB lost its clerk stenographer, the remaining two clerical staff members adjusted their workload and assumed additional clerical and administrative responsibilities. In FY 2011, LIRAB received 455 new appeals and disposed of 544 cases, but the loss of the stenographer position strained the remaining clerical staff.



In FY 2012, LIRAB's two clerical staff members docketed and prepared new case files for 509 new appeals, sent out thousands notices of conference and hearings, processed 250 settlement documents, and received and filed thousands of other documents (orders, pleadings, correspondence, and subpoenaed records) for a significant portion of the 634 pending cases at LIRAB.

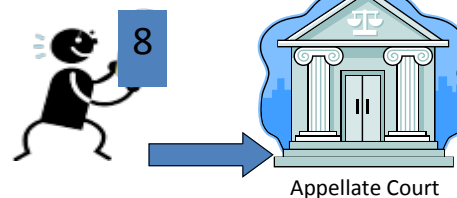
Although the legal staff and researcher have pitched in to help answer phones, field walk-in inquiries, and file-stamp documents, the two clerical staff members have shouldered much of the weight of the clerical and administrative demands of the office. The issue of understaffing becomes most critical when one of the clerical staff is sick or on vacation.

No one felt the weight of the demands more than LIRAB's chief clerk who serves as the custodian of records and is responsible for the preparation of records on appeal for cases appealed to the appellate court. In addition to assuming some of the duties of the legal stenographer, the chief clerk processed and prepared 37 records on appeal in FY 2012, a record high when compared to years past. The large number of appeals was due to the increase in the number of decisions and orders that were issued by LIRAB in FY 2012.

Appeals to Appellate Courts

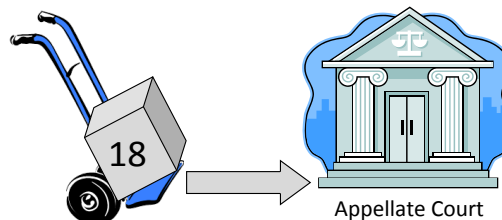
2008-2009

(111 D&O's issued)



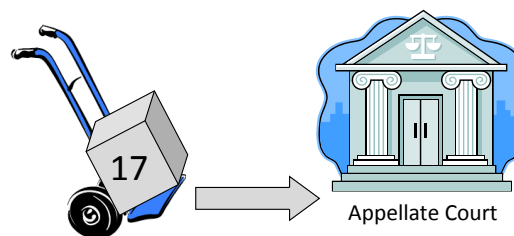
2009-2010

(126 D&O's issued)



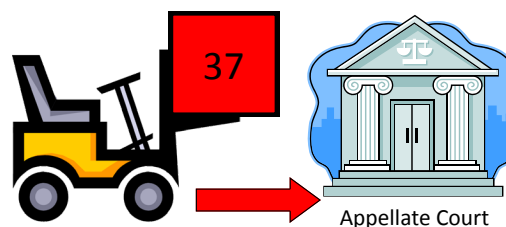
2010-2011

(114 D&O's issued)



2011-2012

(256 D&O's issued)



Looking Ahead FY 2013

LIRAB hopes to reestablish and fund an office assistant position to replace the clerk stenographer position that was lost in the RIF and lessen some of the burdens on the current clerical staff.

LIRAB plans to propose legislation to make organizational and procedural changes to fund technology and move the agency into the digital age, with a goal towards paperless litigation and electronic filing and document management.

LIRAB seeks to streamline the appeals process by amending its administrative rules. LIRAB has completed a first draft of the proposed amendments.

LIRAB will continue its efforts to issue timely decisions and orders and to prevent any further build-up of a backlog.

Employment Security Appeals Referees' Office

(Unemployment Appeals)

Purpose

The Employment Security Appeals Referees' Office's ("ESARO") principal function is to provide an independent review of Unemployment Insurance ("UI") Division determinations through an administrative appeals process, and plays an integral role in promoting the overall UI program objective of alleviating financial hardship for qualified unemployed individuals and stabilizing the economy during recessionary periods.

Hearing officers, also referred to as appeals referees, conduct appeal hearings and issue written decisions based on all relevant evidence presented during an appeal. The administrative appeals process provides individuals and employers with an opportunity to fully develop and articulate their position regarding a UI Division determination, and thereafter to promptly receive a detailed explanation about the outcome. Individuals or employers have the ability to either request a reopening or reconsideration by ESARO, and/or to seek judicial appeal by the state circuit courts thereafter.

Besides a chief appeals officer/administrator who also conducts hearings, ESARO is staffed by three full-time hearing officers, one part-time permanent hearing officer (who work almost full-time hours), and two per diem hearing officers (limited to nine work days per month), one secretary, one full-time office assistant, and one part-time intermittent office assistant. The workload for each hearing officer is to conduct approximately 23-25 hearings per week and issue decisions based on those hearings.

2012 Challenges and Highlights

ESARO has federally-mandated performance standards. Specifically, ESARO must issue at least 60% of its decisions within 30 days from the appeal request date, and 80% within 45 days. The average case age of all pending cases (ones in which a decision has not yet been rendered) must be less than 30 days.

In the fiscal year ending June 30, 2012, ESARO had an average completion rate of 82% in 30 days and 94% in 45 days, with an average case age of 23.6 days. In this past fiscal year, ESARO issued 4,440 decisions, or an average of approximately 370 decisions per month. The same statistics for 2011 are provided below for comparison purposes.

	FY2012	FY2011
30-day completion rate	82%	88%
45-day completion rate	94%	95%
Average case age	23.6	23.5
Total appeals filed	4348	4395
Total appeal decisions issued	4440	4532

Despite the high workload, ESARO continues to meet all federal performance standards and consistently ranks in the top 20% nationwide for completion rates.

The foregoing statistics do not include Emergency Unemployment Compensation (“EUC”) cases, which would otherwise reflect an estimated 5-7% increase in total appeals filed and total appeal decisions issued. Should the EUC program discontinue at the end of 2012, therefore, ESARO’s workload for the upcoming fiscal year is not anticipated to decrease significantly compared to FY2012 and FY2011.

The screenshot shows a web application titled "Department of Labor and Industrial Relations Unemployment Insurance" with a "Logout" link. The main heading is "File an Appeal :: Appeal Information". Below this is a breadcrumb trail: "File an Appeal >> Communication >> Verify". The user is logged in as "Scott Test (xxx-xx-0001)". A note states "Fields with * are required fields".

The form includes the following sections:

- * I am filing:** Radio buttons for "An Appeal" (selected) and "An Appeal/Redetermination [What's this?](#)".
- Issue No.:** A text field with "sample" and a dropdown menu with "-Please Select-".
- Issue Code:** A dropdown menu with "sample".
- * Decision Mailing Date:** A date field with "sample" and a format guide "mm dd yyyy".
- NOTE:** A box stating: "NOTE: If you would like to file a Redetermination only, please contact your local Unemployment Insurance Office. Redeterminations are not handled through the Appeals process."
- If you do not see the issue number or code on your decision letter, is your decision letter any of these types below?** Radio buttons for "BC", "COV", "ABC", "ER", "AA", and "Other".
- If other, please describe:** A text area with a placeholder for a description of the decision letter.
- * Please enter the reason for your appeal:** A large text area for the reason for the appeal.
- Check the appeal deadline on your Unemployment Insurance Decision Letter. If you are filing past the deadline, please explain your reason for the late filing below:** A text area for explaining a late filing.

At the bottom are two buttons: "Continue" and "Cancel - Return to Appeals Main".

ESARO's new online appeal filing and scheduling system

Consistent with Governor Abercrombie’s New Day Plan, ESARO completed a competitive sealed bidding process and selected a vendor to develop and implement an on-line appeal filing and scheduling system, using 100% federally-funded supplemental budget monies. This system will complement the UI Division’s online filing system, and by design, have a similar look and user features. Claimants and employers will be able to file their appeal online; elect to electronically receive and send appeal file documents, exhibits, and final decision; and check various dates associated with their appeal, such as the hearing and decision mailing dates. The testing phase started in early December 2012, with the online appeals system anticipated to be fully functional in early 2013.

Research & Statistics

The Research and Statistics (R&S) Office conducts labor research and analysis; develops labor force estimates on employment and unemployment in cooperation with the Bureau of Labor Statistics (BLS) and the Employment and Training Administration of the U.S. Dept. of Labor; and provides technical assistance and specific management data to various DLIR divisions. R&S supports the DLIR in carrying out its mission by providing labor market and labor-related information that can help with research, business planning, job search, and career decisions.

Over the years, the Research & Statistics Office developed a reputation for excellence in its labor market research and operations management information. Our challenges continue to be the delivery of quality information to our users, the DLIR's divisions and administration, and to the interested public despite a number of staff positions not being filled and lack of proper funding. We are also embarking on two new projects:

- Develop predictive models for workforce and employment for the C3T (Community Colleges Career and Training) Grant to build programs that meet industry needs
- Develop a Workforce Longitudinal Data System (WorLDS) for the Workforce Data Quality Initiative (WDQI) grant. This system will provide information on the effectiveness of education, training, and workforce development programs and improve information on students and their workforce outcomes.

Our accomplishments in FY 2011-12 include the following:

Labor Market Research (LMR)

The Labor Market Research (LMR) staff produced statewide industry and occupational projections for the short-term 2011-2013 as well as the long-term 2010-2020. The outlook for jobs in Hawai'i is favorable as Hawai'i's economic recovery is being fueled by a strong surge in the visitor industry. Tourism-related industries and occupations will have stronger growth prospects, but significant growth is also expected to occur in general areas such as construction, business, healthcare, and services.

The Hawai'i Workforce Infonet website, <http://www.hiwi.org>, was redesigned to make it easier for users to find the data that they need. A monthly feature was added to the home page, along with Quick Links that take users directly to the most popular data items. The Data and Publications page was also organized in a more user friendly way.

The Hawai'i Green Jobs Initiative portal, <http://www.greenjobshawaii.org/>, was recognized by the Council for Community and Economic Research (C2ER) for outstanding achievement and excellence in data collection and dissemination efforts and web-based systems. The Green Jobs portal won the award for its support of business development, especially the recruitment of green workers via a centralized

Table 1. State of Hawai'i, Top 5 Fastest Growing Industries and Occupational Groups

	Short-Term 2011-2013	Employment		Avg. Annual Growth	Long-Term 2010-2020	Employment		Avg. Annual Growth
		2011	2013			2010	2020	
INDUSTRIES	Leisure & Hospitality	103,500	109,360	2.8%	Construction	28,390	36,080	2.7%
	Professional & Business Services	74,800	79,000	2.8%	Professional & Business Services	71,340	83,470	1.7%
	Construction	28,850	30,290	2.5%	Education & Health Services	128,450	150,200	1.7%
	Trade, Transportation, & Utilities	110,890	114,550	1.7%	Leisure & Hospitality	100,000	112,650	1.3%
	Natural Resources & Mining	6,270	6,410	1.1%	Trade, Transportation, & Utilities	109,730	123,250	1.2%
OCCUPATIONS	Food Prep. & Serving Related	71,400	75,140	2.6%	Personal Care & Service	24,140	29,810	2.3%
	Building & Grounds Cleaning & Maint.	39,940	41,740	2.3%	Healthcare Support	16,030	19,250	2.0%
	Personal Care & Service	23,830	24,860	2.2%	Construction & Extraction	34,210	40,270	1.8%
	Protective Service	22,150	23,100	2.1%	Healthcare Practitioners & Tech.	28,010	32,940	1.8%
	Construction & Extraction	34,650	36,020	2.0%	Community & Social Services	11,110	12,940	1.6%

and localized green jobs bank. This unique job search engine employs an innovative technology which “spiders” the internet nightly for any green job postings by local employers allowing job seekers to search for green jobs by location and other criteria.

The Hawai'i Green Jobs Initiative introduced an online directory of green employers in Hawai'i. This website includes green company listings along with descriptions of their operations, their core occupations, and the skills and education they desire in employees. Jobseekers and others can learn about green employers and what types of job opportunities may be available in various green industries.



Members of R&S and WDD promoting the Green Jobs Initiative

Career Kōkua

Career Kōkua, the Hawai'i Career Information Delivery System develops, delivers and maintains a comprehensive and localized career and educational information delivery system for career decision making and career planning purposes for Hawai'i's workers and students. Career Kōkua continued to provide up-to-date localized career and related training information to Hawai'i's schools and workforce development agencies. During 2011–2012 there were 222,450 visits to the Career Kōkua web site. The most utilized module was the Occupations information with over 66,800 requests for information.

Table 2. Career Kōkua's 2011-2012 Top Ten Hits

Rank	Career Kōkua Occupations	# of Hits
1	Accountants and Auditors	1,130
2	University and College Teachers	1,178
3	Chefs and Dinner Cooks	853
4	Registered Nurses	827
5	Pediatricians	807
6	Actors	771
7	Dentists	728
8	Psychologists	718
9	Architects	680
10	Lawyers	671

Career Kōkua staff also conducted 54 Skills Assessment workshops for 182 unemployed workers in partnership with the Workforce Development Division and O'ahu WorkLinks. Career Kōkua staff also conducted trainings for teachers and counselors throughout the state and participated in numerous career fairs and community events.

Operations Management Information (OMI)

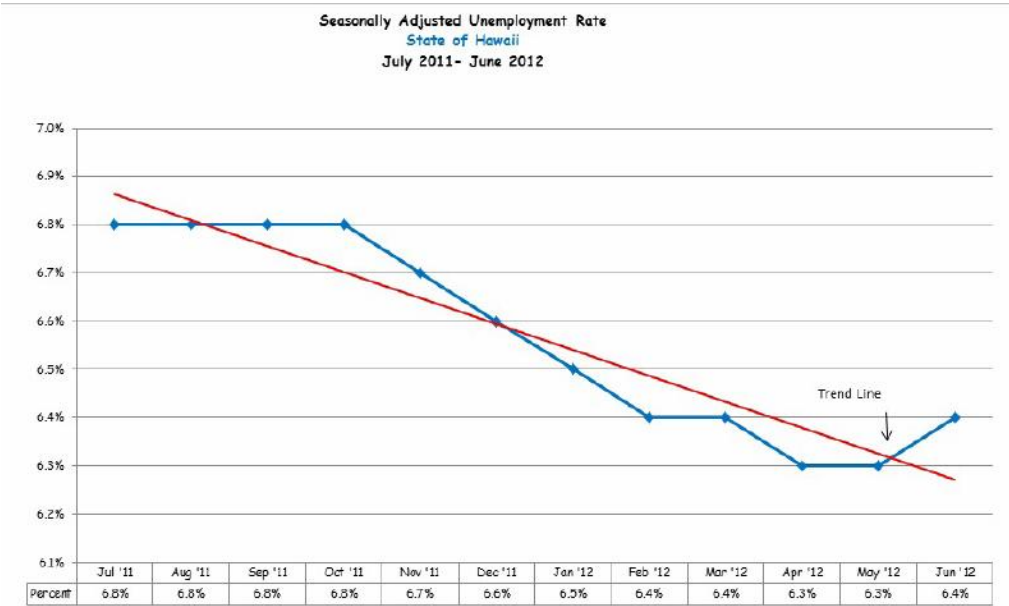
R&S' Operations Management Information (OMI) staff is responsible to provide data to support the Unemployment Insurance, Disability Compensation, Wage Standards, Workforce Development, and Occupational Safety and Health programs of the DLIR. OMI Staff conducted the Survey of Occupational Injuries and Illnesses (SOII), OSHA Data Initiative Survey (ODI) and Selected Classifications survey for the Wage Rate Schedule. The OMI section also conducted surveys for Chapter 103B, HRS: Employment of State Residents on Construction Procurement Contracts. Determinations were made for two Department of Transportation airport renovation projects and a Natural Energy Laboratory of Hawaii Authority project. The SOII surveyed 2,531 employers with an 86.65% response rate. The ODI sample increased by 124 employers to 538 employers and had a 96% response rate.

Budget restrictions of state funds led to deobligation of federal matching funds for the second consecutive fiscal year jeopardizing future federal funding of BLS cooperative agreements for SOII and CFOI.

Labor Force Research

The Labor Force Research staff developed, analyzed, and disseminated information on the labor force, unemployment, employment, industry wages, job counts, hours and earnings, and mass layoffs, as required by our contractual agreement with the federal Bureau of Labor Statistics (BLS).

Chart 1. Unemployment Trending Down



Hawai'i Green Jobs Initiative Wins Award for Web Portal

The Council for Community and Economic Research (C2ER) recently recognized the Hawai'i Green Jobs Initiative (HGJI) portal (www.green-jobshawaii.org) for outstanding achievement and excellence in Data Collection/Dissemination Efforts and Web-based Systems. "Recognition of the Hawai'i Green Jobs Initiative portal highlights the excellent work and contribution of DLIR staff towards the goals of the Hawai'i Clean Energy Initiative and Governor Abercrombie's New Day charge to Grow a Sustainable Economy," said Chief of the R&S Office Francisco Corpuz.



Above: Vicki Lau (R&S) accepts the C2ER award on June 8, 2012 at the C2ER conference in Oklahoma City.

The Hawai'i Green Jobs Initiative portal was awarded high ratings for its support for business development, especially the recruitment of "green" workers with its innovative approach in providing a centralized and localized green jobs bank, which is the portal's most prominent feature. The portal's green jobs search engine "spiders" the World Wide Web for any green job postings by Hawai'i employers. Job seekers are able to tailor their job searches using criteria such as their location to generate a list of green job openings.



Above: Maria "Maita" Merry (R&S) presenting to community college outreach training coordinators Nov. 17, 2011.

Another innovation was the development and inclusion of the Directory of Hawai'i Green Employers as a module of the HGJI portal. The Directory allows local green employers to post and update profiles that describe their operations, specify their core occupations, and describe the skills and education they want in employees. Jobseekers can easily view the employer profiles to learn about these companies and the workers they require. Training and service providers are also able to use this information to plan training programs and related services. Business planners, job developers, and economists can use the directory to scan the current state of green economic and business activity in their local areas.

The portal also houses a dashboard for customized green labor market information and trends, links to local green training programs and training providers, and a repository of related green workforce and economic research. It also includes career profiles of new and emerging green occupations and videos of green industry sectors.

"We appreciate the recognition of the portal and it is a great tool to move Hawai'i forward," said Career Kokua's Phyllis Dayao. "But without outreach to raise awareness of the portal and training on the tool itself it would be like having a nice gadget that nobody knows about or can use—that's why the Green Team has focused their efforts on community education and training while simultaneously developing and refining the portal."



Above: John Kontos (R&S) explains the HGJI at the College and Career Fair at LCC on November 4, 2011.

Below: WDD, WDC & R&S have created a "Green Jobs Zone" at numerous job fairs, pictured here are Robin Komoto and Carolyn Hildebrand of R&S on May 18, 2011.





Leeward CC Fair: Vicki Lau, LMR Supervisor providing information to fair attendees.

Research on the Road!

The Research & Statistics Office (R&S) responds to many requests for data every day. But April and May were even busier with requests to go out to the community to provide information first-hand to students, job seekers, and employers.

The Labor Market Research and Career Kokua teams, along with staff from the Workforce Development Council's SESP (State Energy Sector Partnership & Job Training) program, were at Leeward Community College's Career College and Job Fair. The focus for that day was "Clean Energy Connections" - that is, clean energy career and training opportunities. Attendees and participants were able to learn about the importance of energy efficiency in their homes and businesses. The fair also provided an excellent opportunity for students and job seekers to learn about clean energy employers and for those businesses to reach out to and recruit employees.

At the annual Small Business Fair, R&S brought brochures and other resources to help entrepreneurs with important information on starting or growing their businesses. R&S staff also liked having

the opportunity to meet employers in person and ask for their cooperation with our requests for information and for completing surveys.

At Stevenson and Wahiawa Middle Schools, information about careers, particularly new and emerging green careers were presented to students by Research Statisticians Melonie Ogata and John Kontos. The students were also told about the skills and knowledge they would need such as use of numbers, attention to detail, and good communications skills (reading, writing, speaking) to become future statisticians!

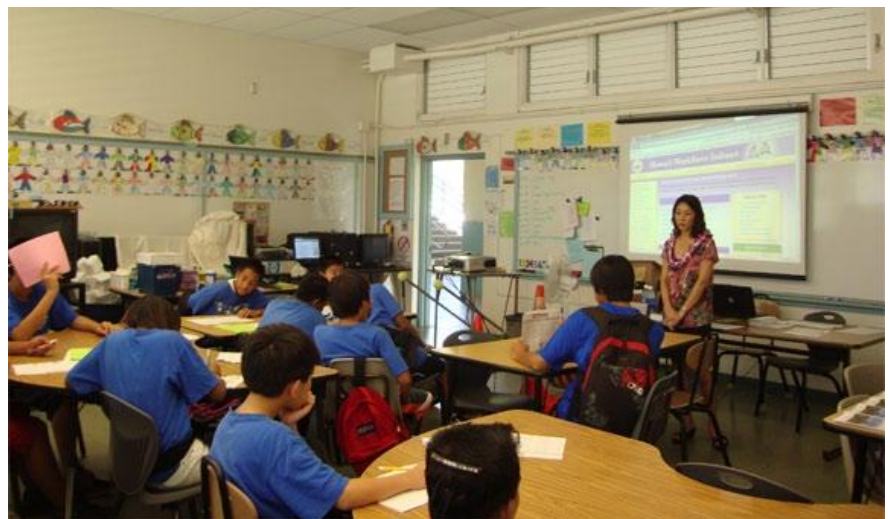


Above: Stevenson Middle School students reading R&S information.

Below: Two happy employers picking up some R&S brochures at the Small Business Fair.



Below: Melonie Ogata, Research Statistician, speaking to students at Stevenson Middle School's Career Day.



Office of Community Services

Introduction

The Office of Community Services (OCS) administers State and Federal programs that help low income, immigrants, refugees, and disadvantaged persons gain relevant information, skills, and opportunities to become more economically self-reliant.

During this period, Governor Abercrombie's vision for a New Day in Hawai'i has guided OCS in instituting major organizational, policy and procedural changes needed to fully meet its fiduciary obligations and statutory mandates as set forth in Chapter 371K, Hawai'i Revised Statutes. Under new leadership and staffing, OCS has worked unrelentingly this past year to achieve a higher level of accountability, transparency, and performance by improving its internal fiscal controls, program and contract management, coordination, and communication with its service providers.

Major Federal Programs

Community Services Block Grant (CSBG) — \$3,500,000

- Provides block grants on a formula basis for the Community Action Agencies in the four counties— Honolulu Community Action Program (HCAP), Hawai'i County Economic Opportunity Council (HCEOC), Maui Economic Opportunity (MEO), and Kaua'i Economic Opportunity (KEO)
- In Federal Fiscal Year 2012 the CSBG program served 43,851 people, inclusive of 6,453 children and 7,349 seniors, while leveraging \$4 for every \$1 spent and amassing over 126,000 hours in volunteer and in-kind contributions

Weatherization Assistance Program (WAP) — \$442,000

- Provides substantial assistance to low-income persons to reduce home energy costs through installation of solar hot-water heaters, timers, compact fluorescent light (CFL) bulbs, and other conservation measures
- In Federal Fiscal Year 2012 WAP assisted 152 low-income families from Hanalei to Ka'u to permanently reduce their energy bills
- American Recovery and Reinvestment Act (ARRA) installations will be complete by December 2012

Emergency Food Assistance Program (TEFAP) — \$740,000

- Distributes surplus U.S. Department of Agriculture (USDA) commodities, primarily canned goods, rice, and frozen foods, to low-income people throughout Hawai'i

- Improved administration through a stronger State Plan and streamlined distribution system saving nearly \$140,000 in previously duplicated expenditures in Federal Fiscal Year 2012
- Used savings to purchase more food for the needy
- In Federal Fiscal Year 2012, OCS partnered with Food Banks to purchase and distribute 1,500,000 pounds of food to more than 70,000 persons

Seniors Farmers' Market Nutrition Program (SFMNP) — \$543,000

- Under a USDA formula grant, this is the only State-run Community Supported Agriculture program in Hawai'i
- Provides locally-grown fruits and vegetables to eligible seniors, benefitting local farmers with income and local seniors with fresh and nutritious foods
- Currently ongoing, SFMNP expects to serve over 7,000 Seniors

Employment Core Services (ECS) — \$1,475,212

- All Core Services assist low-income persons in becoming job-ready while service providers assist with client job placement and job maintenance and support. The service providers monitor clients' status for a full year after their job placements. State funding for OCS-administered anti-poverty programs is currently at one of its lowest levels in years. OCS currently administers three ECS programs—for low-income persons, immigrants and refugees.

Employment Core Services for Low-Income Persons (ECS-LIP) — \$905,312

- In Hawai'i County, OCS's ECS contractor, Goodwill Industries of Hawai'i (GIH), was recognized for its ECS work toward the Going Home Consortium of government and non-profit agencies that provide services to inmates and ex-offenders
- On Maui, OCS has two ECS-LIP contractors: GIH and Maui Economic Opportunity
- Current contracts to date have successfully enrolled 382 low-income people into the program, 148 got jobs through ECS, and 58 maintained those jobs for at least one year

Employment Core Services for Immigrants (ECS-IMM) — \$500,000

- Adds acculturation and basic English-language skills components to basic Employment curriculum
- Has enrolled 245 immigrants into the program, out of which 107 gained employment, and 11 maintained employment for one year
- Requires bilingual employment counselors to deliver culturally competent services to help immigrants acclimate to U.S. culture and the education, tax and employment systems

Employment Core Services for Refugees (ECS-REF) — \$69,900

- 55 refugees were provided basic family financial support; 33 refugees received English language instruction; 35 refugees received ECS employment preparation and job search services; and 23 refugees enrolled in educational or vocational programs

- Out of these totals, 22 refugees became sufficiently competent in English for employment purposes, 17 refugees maintained employment for six months, and 18 refugees maintained employment for twelve months
- OCS works closely with the U.S. Citizenship and Immigration Services (USCIS) to address immigration needs of human trafficking victims and to facilitate communication between service providers (whether OCS funded or not)
- OCS is an active participant in the Hawai'i Coalition against Human Trafficking; this coalition has been making progress in better assessing the human-trafficking situation in Hawai'i and increasing communication between law enforcement and service providers

Legal Services to Low-Income Persons — \$150,000

- OCS has awarded the Legal Aid Society of Hawaii (LASH) a Federal TANF grant in partnership with the Department of Human Services for legal services for children whose family incomes are at or below 200% of the Federal Poverty Level
- This legal assistance is in civil matters for low-income children and adults in such areas as child welfare and other domestic relations issues, tenant housing, and other legal needs

HRS Chapter 42F Grants-in-Aid — \$12,000,000

- OCS is one of the few agencies in the state government that administers Grants-in-Aid under HRS Chapter 42F for non-profit organizations funded each year by the Legislature
- OCS administers more than \$12 million in State funds for Capital Improvement Projects (CIPs) such as the recently completed Kroc Center at Kapolei, MEO's public transportation center in Kahului, YMCA buildings on Maui and Kauai, and the future broadcast and administration center for Hawai'i Public Television

After an encouraging Legislative session, OCS has been tackling Governor Abercrombie's "New Day" priorities with increased optimism. To be confident that our services continue to serve our client communities most effectively, we have been conducting meetings throughout the State to listen to them describe their current concerns and needs. Our meetings have included members of our target population, our service providers, and representatives from other State agencies. These learning sessions will greatly help us prioritize our funding to make the greatest positive impact on Hawai'i's citizens that we can during the next biennium.



Top: At the O'ahu meeting Lola Salimova takes notes while Alan Burdick addresses the group with Executive Director Mila Kaahanui on his right. **Middle:** OCS staff at the Aging & Disability Resource Center in Hilo. **Bottom:** En Young (standing at left) listens at the Maui session.

Future Challenges and Opportunities

OCS most certainly faces major challenges in the near future, including additional reductions and uncertainty with Federal Funds. However, OCS will continue to invest State and Federal dollars wisely and spend efficiently to improve lives and strengthen communities. This will inevitably contribute to long-term economic and social benefits in Hawai'i for those marginalized by poverty or cultural and linguistic challenges.

State Fire Council

The State Fire Council (SFC) is administratively attached to the State of Hawai'i (State), Department of Labor and Industrial Relations and comprised of the four county Fire Chiefs. Its primary mission is to develop a comprehensive fire service emergency management network for the protection of life, property, and environment throughout the State. The SFC is responsible for adopting a state fire code, applying and administering federal fire-related grants, and administering a Reduced Ignition Propensity Cigarette (RIPC) Program. The SFC may advise and assist county fire departments where appropriate and prescribe standard procedures and forms related to inspections, investigations, and reporting of fires. It also advises the Governor and legislature with regard to fire prevention and protection, life safety, and any other function or activity for which the various county fire departments are responsible.

Hawai'i, Honolulu, and Kaua'i counties adopted the state fire code, which is based on the National Fire Protection Association (NFPA) 1 Uniform Fire Code, 2006 Edition as their county fire code with local amendments. Through the efforts of its Fire Prevention Committee and the NFPA, the SFC completed its amendment package of the NFPA 1 Fire Code, 2009 Edition for adoption as the next state fire code. The state fire code, in union with the county fire codes, comprehensively addresses minimum requirements for the protection of life and property to mitigate and prevent the disastrous effects of fire, explosion, and hazardous materials incidents.

The SFC participates as a member of the State Building Code Council (SBCC), which is comprised of county, State, and private stakeholders who coordinate the adoption of a comprehensive set of building codes. The state building code applies a consistent and current set of codes based on national standards that affect county, State, commercial, industrial, and residential buildings. An investigative committee chaired by the SFC is concluding its findings on infrastructure standards, systems, costs, and benefits for the 2009 International Residential Code Fire Sprinkler Requirements for New One- and Two-Family Dwellings.

The SFC has administered the RIPC law since its adoption in October 2009. The SFC receives manufacturers' documentation on fire-safe cigarette testing, certifies brands/ styles, and deposits the fees collected. A \$400,000 appropriation into the RIPC special fund was legislatively established to employ personnel to develop administrative rules to more effectively enforce and administer the program. To date, the SFC collected \$503,625.

The SFC introduced or supported the following legislative bills that were approved with or without Governor Neil Abercrombie's signature during the 2012 session:

1. Act 9, House Bill (HB) 2769 amends the definition of public safety agency for E911 purposes to refer to State and county divisions and not federal government entities.
2. Act 69, Senate Bill (SB) 2877 abolishes a requirement to reimburse the City and County of Honolulu for operating and maintaining the fireboat.

3. Act 229, HB 1765 allows counties to conduct criminal history record checks for prospective fire department employees.
4. Act 233, HB 1968 appropriates \$400,000 to the RIPC special fund to hire personnel and other related costs to administer the program.
5. Act 318, HB 2030 requires motorists to “move over” when passing stationary emergency vehicles on a highway.
6. Act 319, HB 2113 bans using, possessing, or selling aerial luminaries.
7. Senate Resolution 97 establishes a task force to examine management policies on overtime use by State and county employees.

The SFC introduced or supported the following legislative bills that did not pass the 2012 session:

1. HB 1753/SB 2050 repeals the sunset date of tort liability for lifeguards.
2. HB 2642 amends the definition, labeling, and storage of inventory of display fireworks.
3. SB 2390/HB 2124 amends the requirements for submitting building plans to the Fire Chief for approval.
4. SB 2391/HB 2256 bans the possession and use of consumer fireworks statewide.

The SFC testified in opposition to the following bills, which were signed into law during the 2012 session:

1. Act 83, SB 2397 prohibits the counties from requiring fire sprinklers in new one- and two-family dwellings, except as a variance for fire department access road or water supply requirements. Prohibition includes nonresidential agricultural/ aquacultural buildings.
2. Act 153, HB 2487 increases employer contributions for employees with significant nonbase pay increases.

The SFC coordinated Department of Homeland Security, National Fire Academy statewide fire service training courses in Leadership Strategies for Personal and Supervisory Success; Incident Safety Officer; Decision Making for Initial Company Operations; Incident Command for High-Rise Operations; Community Risk Issues and Prevention Interventions; Command and Control of Wildland/Urban Interface Fire Operations for the Company Officer; and Decision Making for Initial Company Operations Train-the-Trainer.

The SFC monitored and eventually participated in discussions with the Attorney General and the Department of Planning and Permitting on SB 2646, which exempted certain agricultural/aquacultural structures from county building permits. The bill establishes a task force, with the SFC as a member, to identify and examine bill conflicts and potential resolutions to Governor Abercrombie before December 15, 2012.

The SFC continues to meet quarterly to fulfill its statutory duties and responsibilities.

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations		Contact Name:	Brian Fujioka			
Prog ID(s):	LBR 171		Phone:	586-8898			
Name of Fund:	Unemployment Insurance Fund		Fund type (MOF):	Special (B)			
Legal Authority:	Chapter 383-121, HRS		Appropriation Acct. No.:	S-312-L, S-313-L			
Intended Purpose:	All contributions pursuant to this chapter shall be paid into the fund and compensation and benefits payable pursuant to this chapter shall be paid from the fund.						
Source of Revenues:	Contributions collected pursuant to Chapter 383 Hawaii Revised Statutes, interest earned on moneys into the fund, property or securities and earnings of such property or securities, and moneys credited pursuant to Section 903 of the Social Security Act.						
Current Program Activities/Allowable Expenses:	Payment of unemployment insurance benefits and for refunds of contributions, and payment of administrative expenses from moneys credited pursuant to Section 903 of the Social Security Act.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	521,841,944	600,000,000	622,200,000	360,000,000	360,000,000	360,000,000	360,000,000
Beginning Cash Balance	265,691,495	20,714,747	1,249,366	45,027,113	158,227,113	291,227,113	350,827,113
Revenues	217,196,649	513,410,264	509,810,402	435,900,000	372,200,000	289,700,000	260,700,000
Expenditures	462,173,397	532,875,644	466,032,655	322,700,000	239,200,000	230,100,000	233,600,000
Transfers							
<i>List each by JV# and date</i>							
Net Total Transfers							
Ending Cash Balance	20,714,747	1,249,366	45,027,113	158,227,113	291,227,113	350,827,113	377,927,113
Encumbrances							
Unencumbered Cash Balance	20,714,747	1,249,366	45,027,113	158,227,113	291,227,113	350,827,113	377,927,113
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations	Contact Name:	Brian Fujioka				
Prog ID(s):	LBR 171	Phone:	586-8898				
Name of Fund:	Unemployment Insurance Fund	Fund type (MOF):	Special (B)				
Legal Authority:	Chapter 383-127, HRS	Appropriation Acct. No.:	S-314-L				
Intended Purpose:	Payment of refunds, interest, and expenditures deemed necessary in the administration of this chapter for which no allowances of federal administration funds have been made.						
Source of Revenues:	Interest, fines, and penalties collected pursuant to Chapter 383 Hawaii Revised Statutes.						
Current Program Activities/Allowable Expenses:	Payment of various expenses relating to the administration of the unemployment insurance program.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	654,359	1,216,320	934,043	918,457	1,000,000	1,000,000	1,000,000
Beginning Cash Balance	2,775,447	3,081,009	3,776,187	5,067,678	6,167,678	6,367,678	6,267,678
Revenues	378,374	855,275	1,320,515	1,200,000	1,200,000	900,000	800,000
Expenditures	72,812	160,097	29,024	100,000	1,000,000	1,000,000	1,000,000
Transfers							
<i>List each by JV# and date</i>							
Net Total Transfers							
Ending Cash Balance	3,081,009	3,776,187	5,067,678	6,167,678	6,367,678	6,267,678	6,067,678
Encumbrances							
Unencumbered Cash Balance	3,081,009	3,776,187	5,067,678	6,167,678	6,367,678	6,267,678	6,067,678
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations			Contact Name:	Francis Kagawa		
Prog ID(s):	LBR 183 / DA			Phone:	586-8897		
Name of Fund:	Special Compensation Fund (SCF)			Fund type (MOF):	Special (B)		
Legal Authority:	Chapter 386-151, HRS			Appropriation Acct. No.:	S-302-L		
Intended Purpose:	To pay benefits to injured workers for second injuries, uninsured and insolvent employers, benefit adjustment, attendant services, and concurrent employment.						
Source of Revenues:	Special assessment on the gross premiums of employers' workers' compensation (WC) insurance, interest earned on investments, fines, forfeits, and penalties.						
Current Program Activities/Allowable Expenses:	Payment of WC benefits, WC claims facilitator branch, litigation costs, audit fees, and legal services through the Department of the Attorney General.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	23,675,713	23,743,765	23,291,406	23,274,182	23,321,406	23,351,406	23,351,406
Beginning Cash Balance	10,100,979	13,153,602	12,538,311	15,343,909	13,343,909	11,343,909	9,343,909
Revenues	19,004,001	15,766,486	17,392,337	15,000,000	15,000,000	15,000,000	15,000,000
Expenditures	15,951,378	16,381,777	14,586,739	17,000,000	17,000,000	17,000,000	17,000,000
Transfers							
<i>List each by JV# and date</i>							
Net Total Transfers							
Ending Cash Balance	13,153,602	12,538,311	15,343,909	13,343,909	11,343,909	9,343,909	7,343,909
Encumbrances							
Unencumbered Cash Balance	13,153,602	12,538,311	15,343,909	13,343,909	11,343,909	9,343,909	7,343,909
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations	Contact Name:	Francis Kagawa				
Prog ID(s):	LBR 183 / DA	Phone:	586-8897				
Name of Fund:	Special Fund for Temporary Disability Benefits	Fund type (MOF):	Special (B)				
Legal Authority:	Chapter 392-61, HRS	Appropriation Acct. No.:	S-303-L				
Intended Purpose:	To pay temporary disability benefits for disabilities resulting from non-work related injuries or illnesses to individuals who become disabled when unemployed, and to employees of insolvent or non-complying employers.						
Source of Revenues:	Interest earned on investments.						
Current Program Activities/Allowable Expenses:	Payment of temporary disability benefits.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Beginning Cash Balance	9,369,773	9,418,133	2,516,936	2,460,735	2,380,735	2,300,735	2,220,735
Revenues	113,104	150,825	16,730	20,000	20,000	20,000	20,000
Expenditures	64,744	52,022	72,931	100,000	100,000	100,000	100,000
Transfers							
<i>List each by JV# and date</i>							
Act 192/2010, Section 17		(7,000,000)					
Net Total Transfers		(7,000,000)					
Ending Cash Balance	9,418,133	2,516,936	2,460,735	2,380,735	2,300,735	2,220,735	2,140,735
Encumbrances							
Unencumbered Cash Balance	9,418,133	2,516,936	2,460,735	2,380,735	2,300,735	2,220,735	2,140,735
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations	Contact Name:	Francis Kagawa				
Prog ID(s):	LBR 183 / DA	Phone:	586-8897				
Name of Fund:	Premium Supplemental Fund (PHC)	Fund type (MOF):	Special (B)				
Legal Authority:	Chapter 393-41, HRS	Appropriation Acct. No.:	S-308-L				
Intended Purpose:	To pay premium supplementation to qualified employers and the payment of health care expenses to eligible employees of non-complying or insolvent employers.						
Source of Revenues:	Interest earned on investments.						
Current Program Activities/Allowable Expenses:	Payment of premium supplementation and health care expenses.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Beginning Cash Balance	2,660,303	2,374,803	2,098,470	1,671,142	1,291,142	911,142	531,142
Revenues	34,389	43,358	11,266	20,000	20,000	20,000	20,000
Expenditures	319,889	319,691	438,594	400,000	400,000	400,000	400,000
Transfers							
<i>List each by JV# and date</i>							
Net Total Transfers							
Ending Cash Balance	2,374,803	2,098,470	1,671,142	1,291,142	911,142	531,142	151,142
Encumbrances							
Unencumbered Cash Balance	2,374,803	2,098,470	1,671,142	1,291,142	911,142	531,142	151,142
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations	Contact Name:	Kim Saito				
Prog ID(s):	LBR 111 / Placement Services	Phone:	586-8903				
Name of Fund:	Employment & Training Special Fund	Fund type (MOF):	Special (B)				
Legal Authority:	Section 383-128, HRS	Appropriation Acct. No.:	S-318-L				
Intended Purpose:	To provide grants and subsidies to public, private, and non-profit corporations for employment, education, and training.						
Source of Revenues:	Employer contributions						
Current Program Activities/Allowable Expenses:	A) Programs to create a more diversified base for businesses; B) Programs for high-growth industries with critical shortages; C) Programs to retrain unemployed workers; D) Programs for individuals who do not qualify for federal or state programs; E) Programs for individuals to improve career employment prospects.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	3,820,232	3,642,288	3,641,018	3,641,622	3,642,288	3,642,288	3,642,288
Beginning Cash Balance	1,024,065	1,219,576	2,167,923	2,579,145	1,479,145	729,145	479,145
Revenues	514,741	1,458,197	1,316,888	100,000	450,000	450,000	450,000
Expenditures	319,230	465,850	905,666	1,200,000	1,200,000	700,000	700,000
Transfers							
<i>List each by JV# and date</i>							
JM 6235; 6/23/11		(44,000)					
Net Total Transfers		(44,000)					
Ending Cash Balance	1,219,576	2,167,923	2,579,145	1,479,145	729,145	479,145	229,145
Encumbrances	212,921	38,221					
Unencumbered Cash Balance	1,006,655	2,129,702	2,579,145	1,479,145	729,145	479,145	229,145
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

Report on Non-General Fund Information, FY 2012

Department:	Labor and Industrial Relations	Contact Name:	Francis Kagawa				
Prog ID(s):	LBR 143 / EA	Phone:	586-8897				
Name of Fund:	Hoisting Machine Operators' Certification Revolving Fund	Fund type (MOF):	Revolving (W)				
Legal Authority:	Chapter 396-20, HRS	Appropriation Acct. No.:	S-330-L				
Intended Purpose:	Certification of hoisting machine operators.						
Source of Revenues:	Certification fees, penalties, fines, and interest earned on investments.						
Current Program Activities/Allowable Expenses:	Personnel and operating expenses for an executive director for the hoisting machine operators advisory board, preparation and dissemination of public information on certification and training, and preparation of annual reports on activities and accomplishments.						
Purpose of Proposed Ceiling Increase (if applicable):	None						
Encumbrances:	None						
FINANCIAL DATA							
	FY 2010 (actual)	FY 2011 (actual)	FY 2012 (actual)	FY 2013 (estimated)	FY 2014 (estimated)	FY 2015 (estimated)	FY 2016 (estimated)
Appropriation Ceiling	50,000	50,000	70,000	70,000	70,000	70,000	70,000
Beginning Cash Balance	344,273	329,264	364,797	356,714	346,714	336,714	326,714
Revenues	34,991	68,967	36,960	40,000	40,000	40,000	40,000
Expenditures	50,000	33,434	45,043	50,000	50,000	50,000	50,000
Transfers							
<i>List each by JV# and date</i>							
Net Total Transfers							
Ending Cash Balance	329,264	364,797	356,714	346,714	336,714	326,714	316,714
Encumbrances							
Unencumbered Cash Balance	329,264	364,797	356,714	346,714	336,714	326,714	316,714
ADDITIONAL INFORMATION							
Amount Req. for Bond Conveyance:							
Amount from Bond Proceeds:							
Amount Held in CODs, Escrow Accounts, or Other Investments:							

THE HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

Princess Ruth Ke'elikolani Building
830 Punchbowl Street
Honolulu, Hawaii'i 96813
Email: dlir.director@hawaii.gov
www.hawaii.gov/labor

ADMINISTRATION

Director's Office	586-8844
Deputy Director's Office	586-8852
Administrative Services Office	586-8888
Personnel Office	586-9043
Information Line	586-8842
Email	dlir.director@hawaii.gov

DLIR DISTRICT OFFICES

Hilo	974-6464
Kona	322-4808
Maui	243-5322
Kaua'i	274-3351

DISABILITY COMPENSATION DIVISION (DCD)

Workers' Compensation Facilitator	586-9161
Medical Fee Schedule (WC)	586-9161
Vocational Rehabilitation (WC)	586-9212
Prepaid Health Care	586-9188
Temporary Disability Insurance (TDI)	586-9188
Email	dlir.workcomp@hawaii.gov dlir.tempdisabilityins@hawaii.gov dlir.prepaidhealthcare@hawaii.gov

EMPLOYMENT SECURITY APPEALS REFEREES' OFFICE (ESARO)

Honolulu	586-8930
Molokai/Lana'i	1 (800) 468-4644, ext. 6-8930
Kaua'i	274-3141, ext. 6-8930
Maui	984-2400, ext. 6-8930
Hawai'i	974-4000, ext. 6-8930
Email	dlir.esaro@hawaii.gov

HAWAII CIVIL RIGHTS COMMISSION (HCRC)

Phone	586-8636
Email	dlir.hcrc.infor@hawaii.gov

HAWAII LABOR RELATIONS BOARD

(Public Sector Collective Bargaining)	586-8610
Email	dlir.laborboard@hawaii.gov

HAWAII OCCUPATIONAL SAFETY & HEALTH DIVISION (HIOSH)

General Phone	586-9116
Accident Reporting Line	586-9102
Complaints	586-9092
Consultation & Training	586-9100
Occupational Health	586-9090
Occupational Safety	586-9110

Explosive Permits	586-9110
Boiler/Elevator	586-9141
Email	dlir.hiosh@hawaii.gov dlir.hiosh.complaints@hawaii.gov dlir.hiosh.ct@hawaii.gov (Consultation/Training) dlir.hiosh.be@hawaii.gov (Boiler/Elevator)

LABOR & INDUSTRIAL RELATIONS APPEALS BOARD (LIRAB)

Phone	586-8600
Email	dlir.appealsboard@hawaii.gov

OFFICE OF COMMUNITY SERVICES

(Refugees, Immigrants, Economically Disadvantaged)
Phone 586-8675

OFFICE OF LANGUAGE ACCESS (OLA)

Phone	586-8730
Email	dlir.ola@hawaii.gov

RESEARCH & STATISTICS OFFICE (R&S)

Phone	586-8999
Email	dlir.research@hawaii.gov

STATE FIRE COUNCIL (SFC)

Phone	723-7101
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UNEMPLOYMENT INSURANCE DIVISION

Phone	586-9070
File A Claim Online	http://uiclaims.hawaii.gov
Phone Applications (Hawai'i)	643-5555
Outside Hawai'i	1-877-215-5793

Claims & Benefits:

Honolulu	586-8970
Waipahu	675-0030
Kane'ohe	233-3679
Hilo	974-4086
Kona	322-4822
Maui	984-8400
Moloka'i	553-1750
Kaua'i	274-3043

Employer Services:

O'ahu	586-8926
Hilo	974-4095
Kona	974-4095
Maui	984-8410
Moloka'i	984-8410
Kaua'i	274-3025

WAGE STANDARDS DIVISION (WSD)

Phone 586-8777
Email dlir.wages@hawaii.gov

WORKFORCE DEVELOPMENT COUNCIL (WDC)

Phone 586-8877
Email dlir.workforce.council@hawaii.gov

WORKFORCE DEVELOPMENT DIVISION (WDD)

General Phone 586-8877
Apprenticeship 586-8877
Employment & Training Fund 586-8838
Job Training (WIA) 586-8877

O'ahu Employer's Job Orders

586-8700

Websitehirenethawaii.com**O'ahu Jobseekers:**

Honolulu 586-8700
Kane'ohe 233-3700
Waipahu 675-0010
Kapolei 692-7630

Neighbor Island Employers & Jobseekers:

Hilo 981-2860, 981-2880
Kona 327-4770, 327-4774
Maui 984-2091, 984-2090
Moloka'i 553-1755, 553-1754
Kaua'i 274-3056, 274-3059



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Department of Labor and Industrial Relations